

017258

JPRS 82184

8 November 1982

# West Europe Report

No. 2056

19980828 135



**FBIS**

FOREIGN BROADCAST INFORMATION SERVICE

REPRODUCED BY  
NATIONAL TECHNICAL  
INFORMATION SERVICE  
U.S. DEPARTMENT OF COMMERCE  
SPRINGFIELD, VA. 22161

9  
64  
A04

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

JPRS 82184

8 November 1982

# West Europe Report

No. 2056



**FBIS**

FOREIGN BROADCAST INFORMATION SERVICE

8 November 1982

## WEST EUROPE REPORT

No. 2056

## CONTENTS

## TERRORISM

## FEDERAL REPUBLIC OF GERMANY

- Trial of Revolutionary Cells Member Begins  
(DER SPIEGEL, 20 Sep 82)..... 1

## FRANCE

- PCF Attempts To Rehabilitate Henri Curiel  
(Richard Michel; REVOLUTION, 10 Sep 82)..... 5
- Promotion of Judge in Charge of Curiel File Questioned  
(Jacques Bacelon; LE MATIN, 16 Sep 82)..... 13

## SPAIN

- Basque Leader on Terrorist Problems, Autonomy  
(Carlos Garaicoechea Interview; YA, 28 Sep 82)..... 14

## ECONOMIC

## FRANCE

- Chevenement Interviewed on Credit, Price Policies  
(Jean-Pierre Chevenement Interview; LES ECHOS,  
21 Sep 82)..... 18

## ICELAND

- Central Bank Chief Worried Over Growing Foreign Debt  
(Johannes Nordal Interview; MORGUNBLADID, 26 Sep 82)... 23



## TURKEY

Increased 1981 Foreign Loan Debt Surveyed (Emin Colasan; MILLIYET, 13 Sep 82).....	28
Soil Benefits Seen Transcending Agrarian Use (Munif Akmanoglu; DUNYA, 15 Sep 82).....	30

## POLITICAL

## CYPRUS

AKEL-DIKO Losses in Famagusta Elections (O AGON, 24 Aug 82).....	32
Article Reveals Government Economic Problems (O AGON, 21 Aug 82).....	34
Former Interlocutor Accused of About-Face (KHARAVGI, 14 Sep 82).....	37
Lebanese Christians Seen Also Deserving Consideration (Al. Konstandinidis; I SIMERINI, 16 Sep 82).....	39
Briefs	
Moslem Union's Pro-Turkish Stand	41
USSR-PLO Links Healthy	41
No Trade Restrictions	41

## GREECE

EDA Attacks KKE, KKE (INT) on Respective Policies (MESIMVRINI, 18 Sep 82, RIZOSPASTIS, 19 Sep 82).....	42
Criticism Expressed	
KKE Reaction	
Law Introduced To Reorganize Prime Minister's Political Bureau (AKROPOLIS, 22 Sep 82, I KATHIMERINI, 23 Sep 82).....	44
Provisions Listed	
Implications, Consequences Reviewed	
Concern Voiced Over Diplomatic Corps Privileges, Obligations (Various sources, various dates).....	47
Privileged 'Caste' Attacked	
Strike Activities Viewed	
Softening Government Stance	

## NORWAY

Oslo Paper on MBFR Impasse; Ambassador Staar Cited (ARBEIDERBLADET, 23 Oct 82).....	51
--	----

## SPAIN

Daily Reveals Planning of Attempted Military Coup (Horacio Sanglade; DIARIO 16, 5 Oct 82).....	52
---	----

## SWEDEN

Stockholm Paper Welcomes Foreign Minister Bodstrom UN Speech (Editorial; DAGENS NYHETER, 16 Oct 82).....	56
--	----

## GENERAL

## ITALY

Briefs	
Egyptian Construction Contract	58
Oil Deposit	58

## TRIAL OF REVOLUTIONARY CELLS MEMBER BEGINS

Hamburg DER SPIEGEL in German 20 Sep 82 pp 82-87

[Article: "Trials--Foundling at the Doorstep"]

[Text] This week a trial based on circumstantial evidence against Rudolf Raabe is starting in Koblenz--a precedent-setting procedure for the prosecutors, by which they hope to uncover the "Revolutionary Cells'" terrorist activities.

The criminal police officers found the ashes of burned paper in the coal stove of his Frankfurt apartment, Basaltstrasse 25. A few random words of the typed text were still legible. They were identical with a passage from the publication REVOLUTIONAERER ZORN [Revolutionary Anger], the journal of the "Revolutionary Cells" (RZ).

Rudolf Raabe, the tenant, had already moved to Mainz in the spring of 1978, 6 months prior to the search of the apartment. His new address: An der Goldgrube 1. He had kept his Frankfurt apartment; friends of his used it on occasion.

In January 1979 the criminal police found something at the Goldgrube address also. A stack of journals about electrical engineering, a package of reproduction fluid and a pair of grommet pliers, used for attaching passport pictures, were confiscated for use as evidence.

The Goldgrube apartment had been most carefully "cleansed"; all traces had been wiped off the walls, doors, windows and furniture; a thorough job, but not perfect. The crime lab people spent 2 days going into the most remote corners. The result: 27 fingerprints.

Rudolf Raabe had again disappeared, however. The detectives figured that he had gone underground. The object of their search became the subject of an international arrest warrant, and he made the FRG list of the 40 most-wanted terrorists.

But the search remained fruitless: Raabe, 31, returned all by himself during the summer of 1980--from Ireland, as unnoticed by the police as when he had disappeared.

On the afternoon of 14 June 1980 Raabe gave a speech in Frankfurt during a meeting entitled "Rock Against the Right"; he then drove to Karlsruhe and on the way there informed the German Press Agency (dpa) of his safe return home.

Toward evening of that day he entered the Karlsruhe clinical hospital, as prearranged, to seek treatment for his ailing kidneys. Public Prosecutor Peter Morre found out about Raabe's return via the dpa ticker. He rushed to the bedside and heard only one sentence: "My name is Rudolf Raabe." Said Morre's colleague, FRG prosecutor Gerd Harms, in Karlsruhe: "Mr Raabe was placed on our doorstep like a foundling."

As of Monday of this week Raabe is standing trial in Koblenz. The State Security Division of the Land Superior Court is to determine whether the defendant is to be punished as "a member of a terrorist organization," the RZ, or whether over the years he has been persecuted without justification. It is a trial based on circumstantial evidence, something of a puzzle, and--from the point of view of the investigators--it has particular significance.

The reason for this is the fact that unlike the underground-based and clearly organized terrorist groups like the "Red Army Fraction" (RAF) or formerly the "2nd of June Movement," the activities of the RZ have not become clear-cut to the police and the courts. True, a number of misdeeds have been identified (a total of 132 according to the FRG Prosecutor's Office, with damages totaling DM 10 million), but personnel, organization, logistics and location of the cells has mostly remained a mystery--reason enough for the investigating authorities to consider the RZ far more dangerous than the RAF.

The members of the RZ have been in business since 1973 and consider themselves a part of the so-called urban guerrilla movement. They alarm the authorities with false bomb alerts, occasionally rub dirt on the lenses of police surveillance cameras, but also commit bombings and arson against "fascist or imperialist installations." The cells communicate among themselves via a sophisticated information network, maintain secret weapons arsenals and are well equipped with intelligence and technical know-how.

The criminal caliber of the RZ became manifest in 1976 during the spectacular Entebbe skyjacking, when the leader of the terrorist commando, Wilfrid Boese, was killed--at the time, he was the German chief of the RZ.

The FRG Federal Criminal Police Bureau had for many years underestimated the threat posed by the Revolutionary Cells, which mostly operated out of legitimate surroundings; they accumulated only very little information about the group which they described as "harmless Saturday night terrorists," until last May Hesse's Minister of Economics Heinz-Herbert Karry was killed by gunshots and the RZ claimed responsibility shortly thereafter.

FRG General Prosecutor Rebmann has for a long time hoped to be able to classify the RZ as a "terrorist organization" through as nonspecific a judgment as possible by the Land superior courts, which he could then consider

as a firm precedent. In that way he could then proceed without detailed evidence against the RZ's supportive environment in individual cases as well.

In addition, Rebmann would then not only have central investigative authority for all RZ cases in the FRG, but would also be in a position to issue arrest warrants without specific cause. But to date only 2 out of 19 superior courts have gone along with that--only in marginal cases with limited factual material and minimal judicial relevance. Now the Raabe case is supposed to help the cause of the investigators.

Because of the almost impenetrable camouflage system of the RZ the investigators have so far always been forced to create evidence by assembling the most unrelated and irrelevant appearing details; a procedure which of necessity can produce false leads and wrong conclusions at the expense of the defendants.

The years spent investigating Rudolf Raabe are a good example for this: they prove the uncertainty of the law in categorizing and evaluating evidence.

From the viewpoint of the prosecutors the evidence was sufficient to warrant 10 years of imprisonment. The indictment was loaded with serious crimes: Raabe was accused of a bombing in June 1978 of the house of Mainz Mayor Karl Delorme, as well as of I.D. forgery and of being a ringleader of the terrorist organization RZ.

However, the five judges of the State Security Division of the Koblenz Land Superior Court didn't consider the indictment valid and even declined to initiate the trial. In their opinion, only the I.D. forgery could perhaps be substantiated; but the prosecutors shouldn't bring this to the high senate; any district court could deal with that.

Appalled by such liberal talk, the prosecutors called on the FRG supreme court, which came up with a compromise solution. Now the Land superior court must try Raabe; but rather than as a ringleader, he will be merely designated as just another RZ member; he will also be tried for I.D. forgery. But the bombing indictment was dropped.

It is characteristic for this difficult trial substance that, depending upon your point of view, every one of the many charges can be explained in a criminalistic as well as in a banal and harmless manner.

While studying history and social sciences at Ruhr University between 1973 and 1976, Raabe had a part-time job in the "Political Bookstore" in Bochum, Im Westenfeld 22--perhaps only to make a little extra money for his tuition expenses. But the manager of that bookstore was Johannes Weinrich, also known by his code name "Steve," now wanted as the head of the RZ, an accomplice of the legendary "Carlos" and one of the most dangerous international terrorists.

In Frankfurt Raabe lived with Cornelia Eckle, who often brought along her sister Sabine and her friends Rudolf Schindler and Sonja Suder—all of them now suspected RZ comrades. But last January the Koblenz Land Superior Court conceded that "we must consider that contact with Cornelia Eckle as a relative may have been the determining factor."

In the summer of 1978 Raabe sent a telegram to his parents, informing them that he had finished his studies with a "good" grade on his examination. Later he wrote that he had found a job at the Ruesselsheim university extension.

He had in fact interrupted his studies and disappeared. "He didn't want to admit to his parents that his occupational career had come to an end," says Raabe's Frankfurt attorney Hans-Joachim Weider; possibly his client merely intended to avoid the probable altercation with his parents.

Suspected RZ member Hermann Feiling, who, while making bombs in June 1978, lost both legs and both eyes, made a statement shortly after the accident in which he told of a man who moved from Frankfurt to Mainz to establish a new cell there. The prosecutors concluded that this could only have been Raabe. But Feiling, who later retracted his statement, had not given a name, nor had he ever met Raabe.

It is a fact that Raabe has spent time in Ireland. But there is disagreement over whether he was in contact there with terrorist groups like the IRA or INLA, or whether he merely went there to relax with friends. In the spring of 1980 he gave an interview to an illustrated journal in which he stated that he was ready to go back home; at the same time he spoke out against using armed combat as a means to gain political objectives.

Since his return from Ireland Raabe's life has been a succession of arrest warrants, freedom from arrest, arrests and discharges. On 1 February he was caught in a police roadblock in Heidesheim. All kinds of texts dealing with armed combat were confiscated—might that indicate sloppiness for a conspirator, or constitute proof of naive innocence?

In any case, Raabe will arrive at the trial in Koblenz, which might be his last stand, as a free man.

9273

CSO: 8020/0001

## PCF ATTEMPTS TO REHABILITATE HENRI CURIEL

Paris REVOLUTION in French 10 Sep 82 pp 18-21

[Article by Richard Michel: "Slander Actually Prepared the Crime"]

[Text] Henri Curiel was neither a spy nor the head of a network to assist terrorists. This was revealed in the "Secret-Defense" documents which the DGSE [General Directorate of External Security], formerly the SDECE [Foreign Intelligence and Counterintelligence Service] and the DST [Directorate of Territorial Surveillance] had to turn over, after much hesitation, to Judge Guy Joly. Will this be enough to rehabilitate Henri Curiel's memory? It is high time, at the very moment when the government has decided to fight resolutely against terrorism, to arrest and sentence the murderers of the anti-imperialist activist.

Thursday, 4 May 1978, 1:58 pm, two rather young, confident men, one wearing gloves, crossed the threshold of 4 Rue Rollin in the fifth district of Paris. Immediately, one man went to the elevator which was arriving at the ground floor. It opened and three shots rang out. Inside, a man, over 60, was dying. The man who had just been assassinated was Henri Curiel. AGENCE FRANCE-PRESSE, 1 hour later received a communique signed Delta Commandos: "Today at 2:00 pm, the KGB [Committee for State Security] agent Henri Curiel, activist for the Arab cause, traitor to France which had adopted him, finally ceased his activities. He was executed in memory of all our dead. We gave warning during our last operation."

That evening and the next day, journalists told their readers about the incident: the man who had been murdered was known to them. Indeed, a few weeks, a few months before, some journalists directly or indirectly had presented the victim as a KGB agent and the head of terrorist networks. On 21 June 1976, LE POINT opened fire with an eye-catching page one headline: "The head of networks to assist terrorists." The accusation could not be clearer although, in the long, unsigned article which followed, no one proved anything: "Impossible to say with

complete certainty, corroborated by physical evidence. Let us simply note that there is a great deal of circumstantial evidence. First, the opinions about Curiel...."

#### A Machiavellian Fable

Good grief! To listen to Georges Suffert--who admits being the author of this "investigation"--any man holding "communist opinions" is Moscow's agent. This leads us straight to the stupid, vile anticommunism of the early 20th century. As if it were necessary to justify the crime, after Henri Curiel's death, others hard on the pursuit of spies who came in from the cold, acted in the same way. Thus, in MINUTE of 10-16 May 1978, just a few days after the crime, Roland Gaucher and Jacques Tillier made the same accusations, topping it off with the number of Henri Curiel's file at the DST and the exact number of subsections in the file. Some weeks later, on 21 June 1978, FOREIGN REPORT, the confidential letter published by the English weekly THE ECONOMIST which is edited by Robert Moss, made the same accusations. Some, like Claire Sterling and Roland Gaucher, even wrote lengthy books<sup>1</sup> to elaborate their thesis. Finally, several years after the crime, PARIS-MATCH<sup>2</sup> published an interview which Claire Sterling gave Arnaud de Borchgrave<sup>3</sup>, the latter even agreed with Georges Suffert's accusations and the former stated: "Any close examination of Henri Curiel's career leads to the conclusion that he worked for the KGB."

Today we are in a position to reveal that a minute examination of the official documents which the DGSE and the DST finally handed over<sup>4</sup> to examining magistrate Guy Joly in no way proves that Henri Curiel was a KGB agent or the head of terrorist networks.

Therefore, we have the right to ask these "character assassins" where they got their information and who gave it to them. As the Henri Curiel Association has already written, everything leads us to believe that Robert Moss, Claire Sterling and Arnaud de Borchgrave are "disinformation agents connected with the CIA." However, in France, where did Georges Suffert, Roland Gaucher and Jacques Tillier glean their information? As LE MONDE wrote on 19 July 1978, was it from the counterespionage directorate, with the complicity of the leadership of this service, or as Roland Gaucher claims, from the DST?

According to certain testimony from the French secret services, the report written by Georges Suffert came from the SDECE<sup>5</sup>; when the SDECE wanted to pass on certain information, the weekly LE POINT was usually chosen. Why then, on 24 April 1981 did Alexandre de Marenches, then SDECE head, not answer a summons by Judge Joly, but wrote: "I can tell you that my testimony would not produce any information about a matter about which I was not informed...."



From the evidence, the former head of the French secret services, now state counselor, was kidding everyone, including the court. Indeed, we now know that most documents which the DST was obliged to give the court after much effort and many maneuvers by Judge Joly were documents from the SDECE, mainly from Israeli and American sources.

If, as we will see later, the SDECE is not completely innocent in this matter, does that make the DST blameless? We can wonder about this because many questions remain unanswered for the moment. For example, where did Roland Gaucher, the MINUTE journalist, get the documents for his book? Was Roland Gaucher lying, or Marcel Chalet who is still the DST director? The first admitted in April 1981 that he "had access to police documents." He had, he said, "the opportunity to consult a DST memorandum of some 200 typewritten pages on Curiel."

The second, although he acknowledged that DST departments "prior to 1960 and regularly thereafter, investigated Henri Curiel many times and that these documents were stored in the DST file, denied on the other hand, that the documents used by the journalist from MINUTE came from his agency: "In the DST archives, there is no 250-page typed memorandum on this matter," he stated. Moreover, he observed that "the DST has not given any unauthorized person portions of his file." It is even harder to believe him because we know today that DST agents offered a journalist information to write a book on Henri Curiel and slander him.... Who are these people? Who gave them the order to make such an offer? Was Mr Chalet informed?

Moreover, why were there no traces in the documents handed over by the SDECE and the DST to Judge Joly of the "dossier" published jointly by the weekly MINUTE and FOREIGN REPORT? Either MINUTE and FOREIGN REPORT invented a "dossier" or the SDECE and/or the DST did not give this file to the examining magistrate. When will we have an answer?

Did Giscard's Government Cover Up the Crime?

Finally, since the documents in Judge Guy Joly's possession refute the serious accusations made against Henri Curiel, what can be said about the former government's attitude? Why were Messrs Giscard d'Estaing, Barre and Bonnet opposed to giving these documents to Judge Joly? Why did Mr Bonnet, former interior minister, refuse to hand over to the Curiel family lawyers the opinion of the Refugees' Appeal Commission dated 16 December 1977 on the interior minister's decision to place Henri Curiel under house arrest in the city of Digne?

We remember that following the slanderous press campaign against him at that time, Henri Curiel was placed under house arrest. We also remember that, to justify such a decision, Mr Bonnet mentioned "the dangerous nature of the activities which Henri Curiel is carrying out

from our country which might at any time harm the French diplomatic position with some countries," and particularly, "countries of the Near East," he specified.

In fact, we understand now why the former interior minister refused to publicize the decision of this commission since it opposed the government's decision; he falsified its contents by stating: "Its publication might endanger the security of the state and public order."

Nothing from any source confirms the sordid accusations made publicly against Henri Curiel. Why then, for what purpose and by what right did the former interior minister dare say before the Refugees' Appeal Commission that Henri Curiel was "a threat to public safety," even accusing the latter of participating in "supporting a network responsible for many terrorist actions?" This question is important because only a month after being placed under house arrest, Henri Curiel was released. What caused this 180 degree turnabout by the government then? Did it not leave the way open to the killers?

Let us say it clearly--by acting in this way, former members of government objectively favored and finally covered up Henri Curiel's assassination.

Consequently, as Jean-Marie Domenach wrote several months ago in LE MONDE, do we not have the right to ask "by what court was Henri Curiel sentenced to death and on what evidence which was never shown?" The author concluded with this question: "What kind of republic allowed irresponsible individuals to act as prosecutors and unknown individuals as executioners, as if, on the fringe of the official courts, a clandestine court functioned which does not bother with evidence or judgments and has the tolerance of the authorities and the complicity--to what point, at what level--of some police services?"

Why Then Was Henri Curiel Assassinated?

All these questions have a purpose because we cannot forget that Henri Curiel was murdered at the time when the Giscardian government was making under-the-table arrangements with some secret services, especially the Spanish service so the latter could act as it wished on French territory. According to some sources of information from the high courts and the gendarmery, "the SDECE reportedly gave their Spanish counterparts permission to kill Curiel." This operation was the logical conclusion of a bargain struck between the French and Spanish services and because of this deed, the latter again had a free hand to fight as they wished the Spanish Basques who took refuge in France.

It should be pointed out that the first murder of Spanish Basques in France occurred on 2 July 1978 at Saint-Jean-de-Luz, just 2 months after Henri Curiel's assassination, and it was followed by many others.

This theory does not originate in the diabolical imagination of some fan of police novels. It has, moreover, been confirmed by a prominent individual in the Swedish scientific world. He learned from an "international mercenary" that "if the murderers of the Spanish Basques in southern France were found, then Curiel's assassins would also be discovered."

This macabre "bargain" would then explain the slanderous campaign which preceded the murder of Henri Curiel whom we know today was neither a spy nor a terrorist as some tried to paint him, giving him an unenviable reputation today. We can believe it. No serious person believed for a moment that Curiel was killed because he assisted terrorists. He said once on Station 2(6) at the time he was being criticized, "I will never hesitate to help the national liberation movements if I can. On the other hand, even though I have never turned in anyone in my life, I wonder occasionally if I would not denounce terrorists because I feel these people are involved in evil activities."

No, we will not find the motive for Curiel's murder in the Machiavellian tale put together by some French secret service agents and their hired writers. The man was bothersome, that is certain, and such a bargain admirably suited governments angered by his activities. In South Africa, the racist government of Pretoria complained about the aid which Curiel and his friends gave to anti-apartheid activists. This was also true of some fascist dictatorships in Latin America who termed Curiel "a Cuban agent." Finally, we know that the meeting in the spring of 1976 between General Peled, chairman of the Israeli Committee for Peace, and Dr Issam Sartauui, member of the Fath Central Committee and Yasser Arafat's adviser, a meeting Curiel helped arrange, displeased Begin and the extremists currently in power in Tel Aviv. Was it then necessary to make up this tale which could persist 4 years very simply because the court and the police could not conduct their investigation freely?

#### The Assassins Must Be Punished

Although today the memory of Henri Curiel is rehabilitated, we must not forget that the perpetrators and instigators of the crime are still free. At the moment when the president of the republic has just declared war on terrorists, the republic and government cannot be satisfied with this rehabilitation alone. An odious crime which reeks of "raison d'etat" has been committed and it is the duty of the Ministry of Justice to arrest those responsible and bring them to trial. Now when France is committed to the path of democratic renewal, we cannot compromise on such a requirement, especially because other crimes, many others still have not been solved. The murderers of Pierre Goldman, Laid Sebai, Ezzedine Kalak, Francisco Javier Martin Eizaguirre, so many names among dozens of others, must be punished.

The police, like the courts, could not look for the guilty parties freely until 10 May 1981. Just to take the Curiel case as an example, why has no confrontation been arranged between the two agents of the DST and the SDECE and one of Curiel's neighbors whom the police mysteriously forgot to question during their investigation? Some time after the murder, this woman remembered that two men who identified themselves as DST inspectors had asked her in November 1972 to permit the installation of a microphone<sup>7</sup> in her home, assuring her she would never be bothered. These two men gave their names. The one named Rey even gave this woman his telephone number and position. When this was checked, an inspector by this name was actually at the DST at that time, and at that number. Questioned, he stated that he had nothing at all to do with the surveillance or protection of Curiel. The second person, named Dulac, was never found. Yet individuals well informed about what went on at SDECE just before the left's accession to power, implied that he was in the group of "26 obligatory resignations" of April 1981. Was he that troublesome? If so, why can no one find him so that more can be learned?

Moreover, why not question again a certain Mr M, French Army veteran, who became an international mercenary and an assiduous friend of the Spanish fascist organization "Fuerza Nueva" and OAS [Secret Army Organization] veterans settled in Spain? A few weeks before the crime, Mr M told a journalist of a French weekly that "someone who was involved in far too many things, among others, committees of soldiers" was going to be murdered. Although Henri Curiel was involved in many things, he never was connected with these "committees." As one of his friends' son was involved, some individuals in the police department concluded that Curiel was, too. Of course, when questioned by the court in September 1980, this same Mr M denied that he had confided such a thing to this journalist. However, he acknowledged that in July 1980 he told a lawyer and another individual on his way to Tehran (most likely Mr M was responsible for the security of the late Iranian Minister of Foreign Affairs Sadeq Qotbzadeh) that before the assassination of Curiel, "arms merchants and secret agents spoke of his impending death."

Should this man, whom some policemen in the criminal division too quickly termed an "intelligence lunatic" not be interrogated again, with a meeting arranged between him and the people to whom he spoke? On the same subject, why did Judge Joly who issued a summons to Mr M to give evidence to the commission in January 1980, not hear him until early September 1980? We know that he was in the Sante Prison from February till June 1980. Why was he overlooked? Could Commissioner Leclerc of the criminal brigade, head of the investigation then, answer?

These are not indiscreet questions or idiotic suggestions from a fanatic journalist of an extreme investigation but looking at what has been done in recent years, we have the right to be this exacting and

demanding; to use just one revealing example among so many others, why has the Spanish connection not been more extensively investigated thus far? Journalists, in June 1981, in fact revealed information divulged by some Spanish police officers. They ascertained that a preliminary meeting about the assassination of Henri Curiel was reportedly held in March 1978. This meeting was to have been held near Barcelona in a residence belonging to a certain Gomez Benet, a kind of crime godfather. Supposedly several former OAS members, a representative of the Spanish secret services and a French "official" took part.

According to information gathered by the Curiel Association, "the French participant at the preparatory meeting for Henri Curiel's murder might be Jean-Jacques Hebrard-Perrier, a former French policeman, today the honorable SDECE representative in Spain." Still according to these same sources of information, this man had "close relations with Pablo Sanchez-Garcia, former head of the antiterrorist struggle in Spain who, although he has an office in the police headquarters in Barcelona, no longer reportedly has official duties."

Moreover, still according to the Curiel Association, another participant at this meeting "might have been Antonio Gonzalez Pacheco, known as Billy el Nino, former assistant to Manuel Ballesteros, currently the director of the single command of Spanish antiterrorism." According to LE QUOTIDIEN DE PARIS of 30 June 1981, "Billy el Nino is a police officer of the purest, extreme-right fringe. He is suspected of being one of the most hateful torturers of the Franco regime. Moreover, Billy el Nino seems to have some connection with the extreme-right circles in the SDECE." If all "these fine men" cannot be questioned, could the honorable SDECE representative in Barcelona not testify?

Finally, since we are being thorough and demanding, why not try to find out more about the Bordeaux criminals who have in recent years sold their criminal talents to the Spanish secret services? In fact, the French courts now have specific evidence that the Bordeaux criminals who were apprehended and brought to trial for the assassination of Justo Elizaran Sarasola on 13 September 1979 in Biarritz and who today are in jail in Bayonne, worked for the Spanish secret services, apparently with the blessing of the SDECE and the DST. Maxime Szonek, the head of this gang of professional gangsters, a notorious procurer and "linchpin of the commandos," implied during the trial at Pau that he worked for the SDECE. Reportedly he had connections with Mosad, the Israeli secret service.

The investigation into two other crimes should shed additional light on all these matters. Since November 1981, additional information has been obtained about the murders, on 28 and 29 June 1979, of Aurelio Fernandez Cario and Francisco Martin Eizaguirre. It seems that Maxime Szonek's gang, arrested for Justo Elizaran's murder, may have also taken part

in the murders of these two Spanish refugees. Some testimony and evidence indicated that Szonek and Marc Obadia, the group's master killer, were in Paris at the time of these two crimes. Witnesses even identified the latter as one of the killers from a photograph.

It is also difficult to understand the court's slowness in this matter. Perhaps we would understand the nature of this slowness if we discovered the reasons why the court dismissed the case before the left's accession to power. Did it wish to cover up for someone? If so, who was it? These questions are particularly important because at the time, Commissioner Bardon, head of the SRPJ [Regional Department of the Judicial Police] in Bordeaux, felt that the investigation had not gone as far as possible.

In short, this series of questions from all these unsolved cases is particularly pressing because the government has decided to deal with terrorism, whatever the source. The questions we have asked are in line with what the president of the republic said on French Television, station 1, on 18 August 1982 about terrorism: "What is important is the willingness to respect the law, apply it and be unyielding and implacable about its application." With this in mind, should the new facts which we have just learned about the Curiel case not lead to the whole truth and ultimately to learn who killed Henri Curiel?

#### FOOTNOTES

1. "Le Reseau de la terreur" [The Terror Network], Claire Sterling, editions Jean-Claude Lattes, and "Le Reseau Curiel ou la subversion humanitaire" [The Curiel Network or Humanitarian Subversion], Roland Gaucher, editions Picollec.
2. "Paris-Match," 17 October 1980.
3. Arnaud de Borchgrave, in a letter to Georges Suffert on 1 February 1980, stated that "the Western intelligence community clearly considered Henri Curiel a key espionage operator for countries of the East."
4. Given the strange attitude of these two institutions since the beginning of the case, it would be good to know if all documents in their possession were turned over as they should have been to the court.
5. More specifically, the counterespionage division.
6. November 1977.
7. From the evidence, on 4 May 1978, when the killers went to Henri Curiel's residence, he was under visual and audio surveillance. Rosette Curiel saw a man hiding a walkie-talkie in the sleeve of his raincoat when she and her husband were leaving their house the night before the crime.

## PROMOTION OF JUDGE IN CHARGE OF CURIEL FILE QUESTIONED

Paris LE MATIN in French 16 Sep 82 p 18

[Article by Jacques Bacelon]

[Text] Guy Joly, the examining magistrate in charge of, among others, the Henri Curiel case, was abruptly promoted. Just back from vacation, he hardly had time to glance at this file which has still not been settled before being named deputy presiding judge of the 13th chamber of the Appeals Court of Paris. He will assume his new duties early next week. His successor still has to be named.

Examining magistrate Guy Joly's last act in the Curiel case was to make two official reports. He thus organized the documents given him by the ministries of interior and defense, from the DST [Directorate of Territorial Surveillance] and the DGSE [General Directorate of Territorial Surveillance], formerly the SDECE [Foreign Intelligence and Counter-intelligence Service] on the life and death of Henri Curiel.

Two sets of documents were turned over to the examining magistrate following Prime Minister Pierre Mauroy's decision in March 1982, 4 years after the assassination of the communist activist.

The first report deals with documents handed over by the DST. It noted that there was no system of classification or pagination which would indicate if this were an extract from the DST file or the whole file. These documents do not assist the investigation or give a clue to the motive. Finally, there is the April 1982 memo from Marcel Chalet, the DST director, noting that there was no concrete evidence to confirm the Abou Nidal theory. The Curiel Association pointed out in its most recent bulletin that nothing "confirmed the accusations that Curiel was a KGB [Committee for State Security] agent and head of terrorist aid networks" made by various journalists, writers and the former Minister of the Interior Christian Bonnet, RI [Independent Republicans]. The second, much shorter report dealt with the DGSE documents. It made one point. In crosschecking with the DST file, it seems that some documents had been concealed from the examining magistrate.

While the situation looked like it had to evolve, the change of examining magistrate presents a major problem. We wonder what will happen to the request from the examining magistrate for copies of certain documents from the DST and the DGSE in the Curiel file.

## BASQUE LEADER ON TERRORIST PROBLEMS, AUTONOMY

Madrid YA in Spanish 28 Sep 82 p 11

[Interview with Carlos Garaicoechea, president of the autonomous Basque community, by Mercedes Gordon, in Vitoria, Spain, date not given]

[Text] "When minimum levels of democratic freedom exist, although they may not be perfect, armed violence cannot be tolerated; not only from the ethical point of view, but also from the political point of view." These are the words which Carlos Garaicoechea, president of the autonomous Basque community, said to the journalists from various countries who report on the Vatican, who are on a Loyola tour. They are surprised--it was not on the program--by being very cordially received in Ajuria Enea, seat of the Basque government (Vitoria) by the "lendakari."

It was an extremely friendly gesture, but it had great political significance, which the receptive journalists picked up. Garaicoechea, who unquestionably is a politician with clout, made a very good impression; he went out to the road to share his pleasure with the reporters about the approaching visit of the Pope. "I believe that it is an exceptional event from any point of view, that it does honor to the Basque people. We are a people where the great majority of the population is in agreement with the message of peace and spirituality which the Holy Father brings." He repeatedly told us of his own satisfaction and that of the people he represents because the Pope has chosen to visit the birthplaces of the "Basque saints," Ignatius Loyola and Francis Xavier, "my Navarran fellow countryman, who was born in a Basque-speaking home and throughout his life had Basque as his native language," notwithstanding the political circumstances, and any institutional differences which may occur--which are circumstantial occasions in history, he said.

## Message of Peace

He extended a message of peace to counteract "the distorted image which unfortunately is sometimes being projected about the Basque Country these days." He reaffirmed that the Basque Country is "a fundamentally peaceful country, which is struggling for its freedom, and which is backed by an overwhelming majority of its population in its fight using the democratic methods of respect and democracy."



He willingly submitted to many questions.

[Question] Do you fear that there will be an attack on the Pope by the ETA [Basque Fatherland and Liberty Group] during the Pope's visit?

[Answer] I hope not, not by the ETA or any other terrorist group, because it would be, as Talleyrand said, "more than a crime, a tremendous mistake;" since anyone who is at all acquainted with this people knows that they have a tremendous sympathy with what the Pope represents.

[Question] What influence could the 28 October, that is, the coming general elections, have on the Basque question?

[Answer] It could have a tremendous influence. It is not going to be the same if Fraga should win. Five years ago he said that he would allow the Basque flag to be shown only over his dead body. And of course he hasn't lived up to his promise! It would not be the same, I say, if Fraga should win as it would be with the other parties, who do not have such radical ideas, although recently from our point of view they have decided on a regressive autonomies policy. In any case, I believe that the Basque Country--and I suppose Catalonia, although I am not authorized to speak for them--has very clearly in mind what an important arbitration mission the nationalist minorities can carry out as we go into elections where it may be expected that it will not be easy for one group to achieve an absolute majority in Parliament, at least the way I see it. Therefore, I believe that the key factor at that point will be the arbitration function that those minorities can carry out.

[Question] How is it possible that in a country with such a great Catholic tradition, which socially has had "a little more" than the rest, such an explosion of nationalist violence could occur?

[Answer] It has been said many times that there have been people in this country who have gone from one mysticism to another. Possibly that stamp which has marked the Basque people and to which you referred has been able to cause a certain degree of fanaticism to arise in the autonomy aspirations of certain promoters of the strategy of violence. But there has unfortunately been violence among this people for a long time, because in the last century this was the people who saw the most blood spilled in the dynastic wars, which here caused a special unheaven: it was a war for Basque liberties. As a result, history, which always teaches us a lesson, should help us understand today from a historical perspective that despite the actions of the ETA, their violence today--which should be unqualifiedly rejected--there are some historical roots, and there is a political problem in the origins of this movement which makes it different from other movements in other countries which you know better than I do. And this problem will not be able to be solved, at least in a non-traumatic way, if those connotations are not understood.

#### Political and Police Measures

[Question] Is there any solution?

[Answer] I believe, as has been said so many times, that it is necessary to combine political measures and police measures. In that sense, the justification, the problem of the violence, and the problem of the existence of violence do have their roots in any social support which the violence may have. That may be the difference in relation to other violent movements. We have been able to decrease that social support, but we must not deceive ourselves, it does exist; although it is a minority, 13 to 14 percent is important. But if this social support has been based on the idea that the ETA as a supposed national liberation front is the sole formula for advancement toward self-government in the Basque Country, the only way to take away that social support is to show that it is possible to go forward in self-government by means of the democratic methods that the majority of the people demand; and that is the political explanation of a phenomenon and of various political remedies that we believe must be applied.

There is no doubt that police measures are necessary as well as political measures. I make this very clear, and at the same time as governor of this country I demand a Basque policy so I can confront violence and crimes.

[Question] Who are the politicians who are most responsive and favorable to the Basque question?

[Answer] "The least unresponsive?"--asks the joking "lendakari." The Basque problem is not very well understood, and we all are to blame for that, beginning with the Basques; perhaps we have not explained it well. As of today we have not obtained a satisfactory response either from the UCD [Democratic Center Union] or from the Spanish Socialist Workers Party. Suarez did have a sensitivity toward autonomy--the "lendakari" pointed out. "Basque Consciousness Will Reach Navarra"

[Question] Why have there not been occurrences in the French Basque Country similar to those in the Spanish Basque Country?

[Answer] The northern Basque Country is a very small country, with a basically rural society; while the population density in the southern Basque Country, the fact of its being an industrial society and having then gone on to a higher quality of life and at the same time to a political consciousness which this type of society produces, has determined the difference in what has happened. I believe that what is going on in the northern Basque Country is a little like in Navarra. Navarra has a very rural area, which has not yet managed to revive national consciousness. Going on from there, the northern Basque Country, the southern Basque Country and Navarra have had various differences. The furthering of Basque national aspirations by means of a strategy of violence; or the democratic course fortunately favored by a majority. But it is a problem of time. Basque consciousness will reach Navarra. It is a problem of being conscious of their own dignity. And it will also reach the northern Basque Country (France), beyond the shadow of a doubt. The "lendakari" spontaneously says that he is worried about the problem of the large number of Basque exiles, that of the hidden flights of the investors who could not invest in the Basque Country although they live there, or the businessmen who have lost their spirit of enterprise, although they continue on here. He says, "This worries me, but I also think that men and women have to demonstrate

their courage and their love for their country at a difficult time. Here we all are going through a dangerous time, because when I condemn the terrorism of the ETA, I am running my share of risk from ETA terrorism, without losing for a moment my share of the risk of terrorism from the extreme Right, from those who say they would like to blow up our Police Academy.

8131

CSO: 3548/10

## CHEVENEMENT INTERVIEWED ON CREDIT, PRICE POLICIES

Paris LES ECHOS in French 21 Sep 82 pp 2-3

[Interview with Minister of State for Research and Industry Jean-Pierre Chevenement by Jacques Jublin: "Credit Reform and Pricing Freedom Are the Two Imperatives for Reviving the French Economy;" date and place not given]

[Text] There is no question of expanding the public sector. Industrial policy as designed by the new minister of industry gives private firms their rightful place. Ever since he took office, Jean-Pierre Chevenement has by all appearances been conducting an operation to charm industrialists--to the point that his statements as a government official tend to make one forget his image as a "young fox" at CERES [Center for Socialist Studies, Research and Education].

The new technologies are of course the spearhead of the strategy of the minister of research and industry. At the top of the list is electronics, being completely reorganized. Next to home electronics and components ranks data processing and office systems, which will hold a place of honor at SICOB [Exposition of Office and Business Supply Industries and Office Organization] in the future.

But unfortunately, industry is not confined to wonderful electronics. The minister of industry found a number of sad cases on his desk: the steel, chemical and automobile industries. To revitalize the French industrial fabric is certainly no easy task. Jean-Pierre Chevenement, as optimistic as he may be, is also realistic. He is not hiding the fact that there is a long haul ahead.

To breathe new life into French industry, it is imperative to reform credit and to have freedom of pricing. For the first time in 35 years, removing the price freeze will not penalize industry. Jean-Pierre Chevenement now assures industrialists of that.

And experience has shown that what Jean-Pierre Chevenement wants, he has a good chance of getting.

[Question] The requirements of industry are a priority matter of socialist economic policy. But, aside from the strategies of subsidiaries basically linked to large public research enterprises and nationalized enterprises, how do you intend to mobilize private firms, which account for two-thirds of production, so as to accomplish the technological, social and cultural transformation of France?

[Answer] Private firms have their rightful place in industrial policy, in proportion to the place they occupy in domestic production. I want them to participate fully in the large mobilization programs, but that is easier for the large companies than for the small ones. For small and medium-sized industries, good contact with the administration will mean a simplification of regional structures. More specifically, regional research and industry offices will be established to guide and coordinate all the agencies that fall within the purview of the Ministry of Research and Industry.

I am trying to put myself in the place of a small business owner who has a great deal of things to do: running to all the government offices is an enormous waste of time. The firm's strategy would suffer. Thus, a kind of "single office" needs to be set up in regions and coordinated impetus is needed from a regional director. All this will be done in the next few months, at the latest.

Private firms in a society such as ours do and will necessarily play an essential role in the future. The boundaries of the public sector have been set. There is no question of expanding them further today. The important thing is to toughen the country's industrial fabric so as to develop our technological capacity. I am counting to a great extent on the initiative of private enterprise, since it tends to be realistic. Business leaders are entitled to their own opinions, which are not necessarily the same as the government's. But what I am asking of them is to do their jobs as business leaders. As for myself, I will do my job as minister.

I am well aware of the fact that to invest, businesses need a stable economic situation. But it is important that no one confuse his personal worries with the future economic reality. The machinery must function, the factories must operate and production must develop. The decade of the 80's should witness a profound transformation in France. With a better link between research and industry, between training and the productive apparatus, and with a new social dialogue and a different relationship between banks and enterprises, it is much more possible today than it used to be.

The government wants to give priority to industry. We must fight "anti-industrialist" tendencies stemming from the traditional weight of rural society in France, even if they manifest themselves in a different way today (the return to nature). The future of France lies in the gray matter—sophisticated industries and new technologies.

[Question] How are you going to boost investments, when the government, after the nationalizations, seems to have a heavy burden, too heavy for an overall industrial policy that should be able to develop rapidly in a world characterized by rapid technological advances on the part of the Americans and Japanese?

[Answer] Large amounts have already been allocated to national enterprises that have drawn up strategic development plans. The government will take the necessary steps to help them win a national battle, the battle of foreign trade.

As for the private sector, we are concerned with the financial margins which, overall, have deteriorated in the past 10 years. It cannot be said too often: what we are experiencing today is an extension of movements that began in 1973. Everything did not begin in 1981. Under-investment, increased unemployment, the massive debts of enterprises crushed by their financial burden are all the legacy of a previous period. This has lasted for 9 years now. And as far as I know, it was not the Left that was in power.

Our job is to climb back up the hill. First of all, to do away with the price freeze, which for the first time in 35 years will not penalize industry. You know that since time immemorial, industrial prices have increased less rapidly than prices for services and distribution. Today the reverse should be true. For if you favor distribution, that means that you are also favoring imports which already cover more than a third of the domestic market. If, however, you support domestic industry, you are helping to reconquer the domestic market.

Aside from prices, there is also the question of credit. Can we continue with the current spiral in which firms are paying banks financial charges that have doubled or tripled since 1979 and that are frequently equivalent to their losses, a spiral in which banks, unable to stay under the credit ceiling, pay fines to the Bank of France, which in turn pays its profits to the Treasury? Shouldn't all this be reviewed very carefully?

[Question] Aren't you struck by the 5-billion franc trade deficit recorded for home electronics and appliances for the first half of the year, in comparison with the 6-billion deficit for the entire year of 1981? Isn't this convincing evidence of the time wasted in building a strategy, which is costing France dearly in foreign exchange? And yet electronics has priority--what about the chemical industry?

[Answer] Let's go back a little further. France's foreign trade deficit is large for the third consecutive year: 60 billion in 1980, 59 in 1981. Businesses should be involved in the foreign trade battle. There is a great deal to be done, for instance on the American market. In the longer run, everything depends on the country's re-industrialization.

Of course we will not be able to climb back up the hill in just 1 or 2 years. The future guidelines are defined under the IX Plan, up to 1990.

That, however, does not mean that we will not obtain any results in the short term. But I do not want to feed illusions. It will take a long time, and the French people must be aware of this. But they must also be aware of the government's determination and of the fact that they must all be involved in this major economic, technological and commercial battle--business leaders, junior executives, blue-collar workers, technicians, researchers, labor unions, elected officers.

[Question] The industrial imperative contains a strong note of national independence. But, rather than letting sectors die out little by little, would you be favorable to foreign investments, even Japanese ones, provided they create jobs in France and present a positive balance of payments? Is this compatible with your strategy?

[Answer] In these circumstances, I am not against transfers of technology, whether they are from Japan, the United States or elsewhere. I am in favor of them! The idea of cooperation with the Japanese in our country is too frequently regarded as heresy. We cannot always ignore them. Still agreements we enter into with them must be balanced and help develop the technological and industrial capacity of the French people. It is not a question of giving ourselves over to multinationals with hands and feet tied.

France is very open to foreign investments when they create jobs and help our trade balance, but there are rules to be followed. Mutual interests must be safeguarded. National sovereignty over our territory cannot be negotiated. Commercial signatures must be honored. The government's attitude during the Dresser-France affair was clear on this point. Our partners must understand that national independence and being open to cooperation are not contradictory. But the proper reflex for us is always to maintain an equal footing. If they are tough in business, we should be tougher. And if they are ready to cooperate, then let's have a good, productive cooperation!

[Question] In the audiovisual realm, what are your views? Are you for a total reconquest of hi-fi chain video-tape recorders based on European cooperation with Philips, Grundig or AEG, or would you prefer transfers of Japanese technology?

[Answer] France has an opportunity to seize in the field of communications, not only because of its traditions of cultural influence, but also because of the advantage it just acquired by adopting an open and innovative legal framework, the audiovisual law. What an advantage, in fact, during a period of intensive technological upheaval, to have a law whose first article stipulates that "audiovisual communication is free"!

With the development of cable television and television by direct satellite, we are laying the groundwork, for the first time in France, for an overall industrial policy in the audiovisual and communications fields.

As for video-tape recorders, which you specifically referred to, there are two different problems. The first involves our technological autonomy. The

goal is naturally to be independent, but I think we must be realistic. This goal is realistic only for video-tape recorders of the second generation. To perfect our own technology, we will have to make a considerable research and development effort.

For the time being, the objective is to preserve and upgrade our commercial plant and equipment and to halt imports and create jobs by manufacturing in France. Of course, that will mean that we will be producing under license for a period of time. But we will not do this under just any conditions. For this reason, we broke off discussions we had begun with Matsuhita. There is still AEG and Grundig--you are aware of the specifics of this situation--and Philips, as well as other Japanese manufacturers. You understand that I cannot indicate my preferences until the negotiations are over. But I will tell you that by 1986, we want to have 9 percent of the European market in color television. At the same time, 1 million video-tape recorders will be manufactured under license on national soil with worldwide commercial prospects.

[Question] What will be the breakdown of the 140 billion you promised so that France can become third in electronics in the world? And will you encourage nationalized enterprises to conclude "Yalta" style agreements to avoid industrial duplication and useless competition?

[Answer] The 140-billion franc effort on the part of the French electronics industry over the next 5 years should enable it to climb to third place in the electronics world.

This amount obviously represents France's total investment in this sector. It includes not only the financing to be provided by the government, but also the amounts that the enterprises should invest.

There will be three priority sectors: components, on which the development of the entire electronics sector depends; data processing and computerized office systems, key factors in the management ability and productivity of businesses; and, home electronics, a decisive factor today for jobs and the trade balance, and tomorrow for our cultural independence.

As for the "Yalta" type agreements you referred to, you must bear in mind that nationalized enterprises account for one-half the sales volume of the sector. The government will use their weight to develop strategic sectors (components, data processing ...) because of the size of the investments needed for these developments and the lag time in their rate of return.

The strategies of these groups will be coordinated to take into account the need to focus efforts and to avoid duplication and useless competition. This coordination could involve changing some boundaries, but it will primarily determine the distribution of work to be done.

However, in fields where innovation (both in research and in technology) and flexibility in adapting to the market are essential, a large part should be left to the initiative of the enterprise, whether public or private. In this case competition would be accepted and even encouraged.



## CENTRAL BANK CHIEF WORRIED OVER GROWING FOREIGN DEBT

Reykjavik MORGUNBLADID in Icelandic 26 Sep 82 pp 49-51

[Interview with Dr Johannes Nordal, chief of the Currency Bank, concerning world economic and credit issues, following the annual meeting of the International Monetary Fund in Toronto.]

"Nothing To Be Optimistic About"

[Excerpt] The annual meeting of the International Monetary Fund was held in Toronto, Canada at the beginning of this month. Just before the meeting Dennis Healy, one of the leaders of the British Labour Party and former Minister of Finance, said that Toronto provided the last opportunity to save the world from economic disasters which would be even worse than the Great Depression of the thirties. The greatest sign of danger at present is the tremendous burden of debt shouldered by various countries--if their ability to pay breaks down, it could have a domino effect and be disastrous for everybody. In Toronto, politicians and banking leaders indicated their willingness to lend a helping hand to the nations that are worst off. However, no one can see ahead to the end of the tremendous burden of debt, and its effects on world economics. But how did the meeting in Toronto turn out, from an Icelandic viewpoint?

MORGUNBLADID sought an answer to this question in an interview with Dr Johannes Nordal, chief of the Currency Bank, who has been the Scandinavian delegate in the steering committee of the International Monetary Fund for the past 2 years. He has also had to stand in for the chairman several times, Mauno Koivisto, who has recently been made president of Finland. Next year will be Dordal's turn as chairman of the steering committee. For the past 2 years, Jon Sigurdsson has served on the general committee of the International Monetary Fund in Washington. Sigurdsson's term will be up at the beginning of next year, when he will go back to heading the National Economic Bureau here in Iceland. Simultaneously with the annual meeting of the International Monetary Fund, the annual meeting of the World Bank was held; this year the Icelandic ministers Tomas Arnason and Ragnar Arnalds attended that meeting.

[Continued] How does Iceland's position in the world economy look after the meeting?

[Question] How does Iceland's position look, compared with other debtor nations, in light of our huge burden of foreign debt?

[Answer] There is no doubt that what is going on in the credit matters of other nations should be a serious danger signal for all nations who owe large sums abroad, as we Icelanders do. The danger is in the chain reaction effect. Stoppage of payments by nations who have for a short time obtained credit should encourage banks to proceed more carefully everywhere in the world. These payment difficulties, in addition, are so incredibly costly that they have effects on the ability of many of the largest banks in the world to grant further loans. For these reasons, it may become more difficult than before for us to get money loaned to us from abroad. It does not improve matters for us the same time we are struggling with great economic difficulties at home, and a growing trade deficit.

On the other hand, one should emphasize that, despite our huge foreign debts, we Icelanders are better situated in this matter than those nations that have recently run into payment difficulties or are likely to do so soon. Although our total debts as a percentage of the gross national product are not much lower than in the case of some South American nations with the largest debts, our annual burden of payment here in Iceland is actually much lower than theirs--for two reasons. First, the export production of Iceland as a percentage of the gross national product is greater than in those countries; because of that, we can manage to pay off our foreign debts. Also, we have kept to a much more cautious policy relative to the terms of our foreign loans than those nations that are now experiencing the most difficulty.

We Icelanders have placed the most emphasis on taking out long-term loans, with fixed interest, when this has been a possible alternative. Although these loans have sometimes been more costly than short-term loans, this procedure has been a good one, since it has prevented an increase we could not handle in the annual burden of payment. Despite all this, our burden of payment is currently continuing to grow, such that we have reason to be exceedingly careful in this matter for the next while.

[Question] Ragnar Arnalds, Minister of Finance, said in a newspaper article this summer that we would "sink without doubt into the abyss of dangerous accumulated debts, because of the growing trade deficit, if nothing is done about it." What do you have to say about that prophecy of doom?

[Answer] There is no doubt that the Minister of Finance is correct in saying that we Icelanders have exploited our easy access to foreign loans in recent years far beyond sensible limits. If we were to experience a stagnation in our economic growth, or even a decrease in the gross national product relative to the increased trade deficit in our dealings with foreign countries, it is obvious that our burden of payment would soon increase greatly. This domestic situation of ours, as well as the high rates of actual interest, and the uncertainty of the foreign loan market, ought to call for a radical review of our Icelandic policies in taking out loans.

[Question] It has been expressed more than once by Svavar Gestsson, chairman of the People's Alliance Party, that the economic situation here has reached the point that the International Monetary Fund could step in and take action. On what evidence does he base statements like this?

[Answer] The International Monetary Fund never intervenes in the economic matters of individual nations on its own initiative alone, nor does it grant loans unless it is asked for them. One of the chief tasks of the Fund is to give financial support to nations which run into large-scale payment problems, so that they can be able to rebuild their economic systems and come back to an equilibrium in their national budgets. The difficulties of the last few years have demonstrated the dangers involved in this for many nations who have had too easy of an access to foreign funds without an understanding about the careful use of such funds. When this happens, there is a danger that people are tempted to postpone the uncomfortable actions which aim at limiting consumption and investment and thereby bring about a manageable balance of payment relative to foreign countries. Instead, they overuse what they have until they have nothing.

There is no doubt that those nations which have not postponed action in this way, but rather have tried to solve their problems on their own, or with the help of the International Monetary Fund, have fared better than those which have acted recklessly. It is the Fund's task right now to manage the negotiations with Mexico, which will be later used as a foundation when actions are taken towards economic rebuilding in that country and when new arrangements are made for that country's creditors.

It became obvious in the discussions in Toronto concerning these matters that people are currently placing more trust in the leadership of the International Monetary Fund than was the case previously. Experience has shown that without the leadership of an organization with both experience in these matters and the ability to set the terms for economic repayments, there is a danger that many nations will sink too deeply into debt to be able to save themselves from their own audacious behavior.

One of the activities which is receiving the greatest emphasis currently is a review of the quotas of individual countries relative to the International Monetary Fund, and an examination of expectations, such that it will be possible to come to an agreement in these matters at the next meeting of the Fund's steering committee in April. As a part of this activity, attempts are being made to increase the money level of the Fund 50 to 100 percent, which would thereby increase the access of the member nations to loans from the Fund.

[Question] What is the position of Iceland now relative to the International Monetary Fund? What has been our procedure in our dealings with the Fund?

[Answer] We Icelanders have received significant support from the International Monetary Fund several times. The first occasion was when our economic system was restructured, in 1960; the next during our economic difficulties in 1967-68; and finally, after the increase in the price of oil in 1974-75. The last loans which we Icelanders received were special oil loans which the Fund gave out because of the effect of the oil price increases on Iceland's balance of payment in 1974-75; the paying back of these loans is, so to speak,

taken care of. We Icelanders, then, currently owe the International Monetary Fund essentially nothing, and we undoubtedly have very secure loan possibilities with the Fund, should we need to avail ourselves of the opportunity.

[Question] The discussions in Toronto generally dealt with world economic development. What is your opinion, after having listened in on these discussions?

[Answer] The discussions of economic matters at these meetings are always very specialized. One thing which was emphasized was finding ways to coordinate the policies of the various nations such that the best economic results could be achieved. As is well known, the world economic situation has been characterized by stagnation during the past few years, as well as increasing unemployment. At the annual meeting in 1981 most people expected that we would be pulling out of that by this year, but now it is clear that there is no tendency toward economic betterment to be expected before 1983. There are, in fact, very diverse opinions as to whether any substantial economic growth will occur worth considering this year. Economic difficulties experienced by industries, and their great financial difficulties which have accumulated during this long recession, are both big factors here, and it also looks as though investment in employment opportunities will continue to decrease.

However, we have achieved some things. Inflation has been slowed down in most of the world's industrial nations, particularly those nations which have been most successful in putting a ceiling on inflation, such as the Japanese and the Germans. Thus the economic policy of most industrial nations has lately been focused closely on beating inflation and building a foundation for economic growth in the coming years. There was general agreement in Toronto that this struggle against inflation should continue to be our main emphasis in economic policy for a while yet. On the other hand, there was some disagreement as to what should be done, and how fast. Many people thought that too much emphasis has been laid on temperance in money matters, which has resulted in higher interest rates. But improvements may result from this, by strengthening money matters on the national level, thus decreasing the demand of public parties for loans, and thereby perhaps lowering interest and increasing the money available to firms offering employment. Some nations, including the Scandinavian countries, have emphasized the role of special salary policies; if such income policies could be widely agreed upon, it would be possible to lessen the need for drastic actions in money matters. Further, it seems necessary to emphasize that element more than we have done, such that the economic system might become more flexible. It is possible to do this by decreasing defensive actions on the part of branches of employment. There is also a need for greater flexibility in many of the older industries.

[Question] Wasn't it rather difficult to sit through all of these discussions as an Icelander, knowing all of our problems, and that our economic policies seem to contradict all this?

[Answer] When we look at the results of the meeting in Toronto, there is very little for us Icelanders to be optimistic about.

In the first place, it is obvious that it is still very ambiguous as to when we can expect economic improvements which will actually better our situation here in Iceland. The tendencies now are especially serious when we consider how to establish new branches of industry in order to increase our exports--particularly in the case of industries which use a lot of energy.

In the second place, most indications show that the gap between Iceland and other nations is increasing--both in the case of inflation and in the balance of trade. Most of the developed countries around us have been able to achieve dearly-bought results in these matters. But we Icelanders are currently heading towards increased inflation and an even higher trade deficit than before--partially because of special conditions here.

In the third place, developments on the foreign loan market are serious warnings to Icelanders to decrease our accumulation of foreign debt and to better our position from here on out, so that the economic independence of our nation will not be brought into serious danger.

#### Iceland's Foreign Debts

The graphs show the development of Iceland's foreign debts since 1977. The broken line shows this year's debts according to the latest estimates. The left-hand graph shows how the burden of payment of principal and interest has grown as a percentage of our export income. The right-hand graph shows the percentage of foreign debts relative to our national income.

(Graph headings: Burden of Payment: Percentage of Export Income  
Debts: Percentage of National Production)

9584

CSO: 3626/2

## INCREASED 1981 FOREIGN LOAN DEBT SURVEYED

Istanbul MILLIYET in Turkish 13 Sep 82 p 4

[Article by Emin Colasan: "Our Foreign Debt Rose \$797 million in 1981"]

[Text] Ankara, Special--As of last July, Turkey's foreign debt had risen to \$15.3 billion in principal alone. Interest on these debts was \$5.2 billion, bringing our total foreign debt to \$20.5 billion.

The increase in Turkey's foreign debts in 1981 was set as \$797 million.

It is pointed out, however, that the principal of our foreign debt actually rose to \$16.4 billion as Turkey's IMF loans were not included in the prepared accounts. This topic is now being debated in international forums owing to the special status of the IMF and certain other nations, like Turkey, do not show loans obtained from this organization in their loan tables.

A study group was formed in recent weeks by the Ministry of Finance and the Central Bank for the purpose of identifying our country's foreign loans and their distribution and terms, and this group has produced from available records a full account of Turkey's foreign debt. According to the tables prepared, the latest status of our loans is:

A portion equivalent to \$12.8 billion of our existing principal debt of \$15.3 billion has been used, while \$2.6 billion in foreign credits have not yet been used. However, the previously mentioned interest debt of \$5.2 billion also comes under the still unused credits.

1. According to the Finance Ministry tables, \$9.5 billion of Turkey's foreign principal debt of \$15.3 billion including the unused portions is a direct state debt. This figure is shown in the tables under the heading "State Budget Total." Interest on this portion is \$3.5 billion.
2. Total foreign debts of the non-budget public sector are \$4.9 billion. Central Bank and State Economic Enterprise loans come under this heading. The interest burden in this group is \$1.5 billion.
3. The third and final group in the distribution of foreign loans "by debtor" is private sector loans. The private sector's total foreign debt is \$834 million in principal and \$260 million in interest.

## Distribution by Creditor

Distribution by creditor of Turkey's \$15.3 billion foreign debt and its \$5.2 billion in interest falls into four groups and looks like this:

1. Turkey owes \$2.9 billion to international institutions. Additional credit of \$1.7 billion also obtained from these institutions has not yet been used. The amount of interest owed to these organizations comes out as \$2.4 billion more than the figures cited above. Our leading creditors under the heading of "International Institutions" are the World Bank, the International Development Association, the European Resettlement Fund, the European Investment Bank, the International Finance Corporation and the OPEC and Saudi Development Fund. Turkey's biggest debt among them is to the World Bank. At the moment, we owe this organization \$1.6 billion. Moreover, \$1.4 billion in World Bank credit has not been used yet.

We owe the World Bank \$1.8 billion in interest.

2. Turkey owes \$5.4 billion to foreign governments. The amount of credit obtained from this source but as yet unused is \$593 million. Our interest debt to foreign governments is \$1.6 billion. Turkey owes the most to West Germany (in principal only), including unused credits. This \$2 billion debt is followed by \$1.7 billion to the United States, \$538 million to the French government and \$388 million to the British government. The total of our debt to other governments is \$1.3 billion.

3. We have a debt of \$3.1 billion on the European free money market. Interest on this debt, all of which has been used, is \$890 million. The biggest entry in this category is convertible foreign exchange account loans, followed by loans from foreign banks.

4. The final group in Turkey's debit account consists of foreign firms which provide their own commercial credit and borrowing of foreign private capital. The total is \$1.5 billion. There is an additional unused resource of \$294 million in this section. Interest here is \$337 million.

According to the present debt load, Turkey will pay \$2.4 billion in principal and interest in 1983. The amount of the foreign debt we will pay in the second half of 1982 is \$1.6 billion.

According to the data assembled by the Finance Ministry, the amount of the foreign debt that we have to pay will decline gradually by years until 1990 and will be \$748 million in 1991.

In addition to these, Turkey also has foreign loans that it is obligated to pay in Turkish liras. The total of this debt, stemming from the development borrowing fund provided years ago by the government of the United States, Marshall Plan aid, agricultural credit and the Eregli steel project credit, was 14.2 billion Turkish liras as of last July. Interest on it is 3.7 billion Turkish liras.

8349

CSO: 4654/450

## SOIL BENEFITS SEEN TRANSCENDING AGRARIAN USE

Istanbul DUNYA in Turkish 15 Sep 82 p 2

[Article by Munif Akmanoglu, Master Agricultural Engineer: "Soil Industry"]

[Text] Soil must not be viewed only as something to grow crops on, a medium for meadows and pasture grasses. Humanity has long had many and varied uses for soil, perhaps equalling its agricultural uses.

And today there is a branch of industry involving soil products. Alongside this, the malleability of soil has given new dimension to the plastic arts.

One of the most important uses of this element is in the cement industry. Cement, which as known consists of lime, oxides of silicon, aluminum and iron, plus calcined rock and clay, is made by adding gypsum and substances called trass. These soil elements are plentiful in our country. Our cement industry, existing in both the public and private sectors and its products described as intermediate goods, is quite well developed. Cement production, half of which is in the private sector, has risen to 12.8 million tons (1980), 5.1 million tons being produced by the public sector and 7.7 million tons by the private sector. Cement is also an important export item. Significantly affected by economic crisis, production fluctuated in previous years, though the amounts projected in the Third Development Plan period were exceeded by 7 percent and production was 13.6 million tons in 1977. Annual exports of 880,000-980,000 tons were also available.

The Fourth Development Plan set goals for 1982 demand at 24 million tons, exports at 1.5 million-2.5 million tons and increasing production by 11.9 percent to produce 26.9 million tons in 1983, as well as a 21.5 billion-lira investment in the cement sector. It is considered quite doubtful, however, that these amounts can be realized next year while the construction crisis continues.

Heading the important drawbacks in cement is irregular distribution. This has meant a shortage in some areas even in years when total production was adequate. Indeed, it even became necessary to import 68,000 tons of cement in 1976 to make up for this situation. Including the existing factories and those to be built in the Marmara, Aegean, Black Sea, Southern, Central and Eastern regions, the cement manufacturing unit will consist of 31 factories. The building and mechanical equipping of these facilities is done mostly with local materials.



A second section of the soil industry is the fired clay and cement materials group. This type of industry produces construction brick, tile, asbestos cement, pipe, drainage tile, concrete columns, concrete ducts and light concrete construction materials. Since asbestos deposits are not worked at full capacity, though adequate, the requirement is supplemented by imports.

Lime production also comes under the activities of this sector. Annual demand is estimated at around 700,000-800,000 tons.

Most of the nearly 160 brick and tile factories in our country are unable to work at full capacity. Fired brick is manufactured by public and private firms in Konya, Filyos, Istanbul and Eskisehir; asbestos cement pipe in Istanbul, Kocaeli and Ankara; corrugated and smooth asbestos cement slabs at Istanbul and Adana; concrete columns at Izmir, Ankara, Manisa and Eskisehir; drainage tile at Antalya, Nazilli, Turgutlu, Adana, Bursa, Izmir, Bolu and Eskisehir, and light concrete construction materials at Istanbul and Ankara.

In the Third Plan period, production of construction brick, asbestos cement pipe and slab and construction materials was above domestic goals and production of refractory materials was below.

Plan goals call for asbestos cement pipe demand (which was 123,400 tons in the 1978 period) to be 135,600 tons in 1983, concrete duct demand (964,700 square meters) to be 554,000 square meters and concrete column demand (121,000 pieces) to be 334,000 pieces.

The requirement for light concrete elements used in public housing and industrial structures and the infrastructure for them has an 11.7 percent increase indicated. Foreign sales are estimated at an increase of 118.9 percent.

Projected production in refractory materials is 483,400 tons, alumina silicate brick and materials at 505,300 tons, magnesite-based brick and materials at 154,000 tons, construction brick at 7.682 billion pieces, tile at 559.8 million pieces, asbestos cement pipe at 245,100 tons, asbestos cement slab at 5,437,200 square meters, concrete columns at 334,000 pieces, concrete pipe at 329,700 tons, concrete duct at 553,700 tons and construction materials at 725,000 tons.

Another soil industry in intermediate goods is ceramics. As known, clay is the basic material of ceramics, but it has a special value with its varied forms of manufacture. Production comes under the categories of tableware, furnishings and decorative items; floor and wall coverings; bathroom fixtures; and electroporcelain. The manufacture of melamine is making inroads on the ceramic industry. Electroporcelain products are used in the production and distribution of electricity and in communications networks. Sales abroad also figure in this area. The major material requirement in the various aspects of this industry except electroporcelain is met by domestic production. An investment totalling 2.5 billion liras was projected for this sector in the Fourth Plan period. Accordingly, 1983 production was planned as 12,400 tons in tableware and decorative items, 225,983 tons in floor and wall coverings, 50,000 tons in bathroom fixtures and 26,100 tons in electroporcelain.

It is seen that soil is an invaluable natural treasure which in itself and with its major crops and products can always contribute to our economic efforts and our every need.

## AKEL-DIKO LOSSES IN FAMAGUSTA ELECTIONS

Nicosia 0 AGON in Greek 24 Aug 82 p 1

[Text] A comparison of the results of the elections held in Famagusta the day before yesterday and the results of the 1981 elections show that the AKEL-DIKO [Democratic Party] alliance has lost votes. This, despite the fact that the percentage of those who voted in favor of the alliance has increased slightly. This percentage increase is attributed to the higher number of abstentions and to the greater number of void ballots.

The high percentage of abstentions and void ballots is a basic factor which should be taken into consideration in analyzing the election results, because it has played a decisive role in the final percentages won by each ticket. The percentages were: 54.53 percent for AKEL-DIKO, 39.83 percent for DISY [Democratic Rally], and 5.64 percent for EDEK [United Democratic Union of the Center]-PAME [Pan-Cyprian Restoration Front].

The abstentions reached the 6.09 percent level compared to 3.96 percent in 1981. In the elections before yesterday 3,640 voters failed to cast their ballots compared to 2,360 in 1981; this, despite the fact that the total number of registered voters had increased only by about 200.

At the same time, the void ballots increased by 71 percent--1,749 ballots were found to be void, compared to 1,024 a year ago.

Both phenomena should be explained mainly by the fact that the Union Center and NEDIPA [Youth of the Democratic Front] did not participate in the elections.

One main reason for the large percentage of abstentions is perhaps the fact that many persons were on leave and this helped the AKEL-DIKO ticket.

However, the reasons for the large number of blank ballots cast should be attributed to the fact that many voters decided not to vote.

This explanation is more logical than the excuse that the voters misunderstood the voting procedures, since in 1981, with more parties participating and with the cross of preference in effect, the void ballots were much fewer. Therefore, it is safe to assume that those voters who supported

parties which did not participate in the election decided to cast a blank ballot.

The numerical difference, about 2,000 votes, is slightly larger than the number of votes the Center Union and NEDIPA had received jointly in 1981; they had received 770 and 771 votes each respectively.

Of the 59,622 registered voters only 56,172 cast their ballot, compared to 59,814 and 57,258 respectively in 1981.

As a result of the high percentage of abstentions and of void ballots, the number of valid ballots has decreased from 56,243 to 54,423 or 1,820 less than in 1981.

The number of valid votes received by each ticket is as follows:

	<u>1982</u>	<u>1981</u>	<u>Plus or minus</u>	<u>%</u>
AKEL-DIKO	29,687	30,341	-654	2.15
DISY	21,687	21,567	+120	0.55
EDEK-PAME	3,068	2,845	+233	7.83

Percentage-wise the results are as follows:

	<u>1982</u>	<u>1981</u>	<u>Increase in percentage units</u>
AKEL-DIKO	54.53	53.95	0.58
DISY	39.83	38.35	1.48
EDEK-PAME	5.64	5.06	0.58

The above table shows that DISY was the party which increased its percentage in percentage units.

DISY received a majority in most precincts of the free Famagusta District especially in large villages and specifically in 14 precincts.

In Larnaka DISY received the majority of votes in seven precincts, and in Nicosia in six, basically inside the city of Nicosia proper. DISY did not receive the majority at any Pafos precinct, while in one precinct, at Axylon, where 61 void ballots were cast EDEK beat DISY receiving 12 votes against seven, while AKEL-DIKO received 44.

8193

CSO: 4621/512

## ARTICLE REVEALS GOVERNMENT ECONOMIC PROBLEMS

Nicosia O AGON in Greek 21 Aug 82 pp 1, 10

[Text] A Ministry of Finance document fully confirms our information that the government has made use of nearly all available internal and external sources of borrowing and it is now facing a problem of liquidity, unless budget expenditures are curtailed.

The document also refers to the need to conclude a foreign loan so that money can start flowing in "at the earlier possible time" in the public coffers, "so that the public sector will not face the problem of liquidity."

As is known, the government spokesman has tried in two instances to deny the information O AGON published saying that the information published by our newspaper did not ostensibly correspond to reality.

Answering the government spokesman's "denials" we are publishing the full text of a note addressed to the Ministerial Council by the Ministry of Finance on 25 June 1982 entitled: "The Financing of the Public Deficit and the Need To Curtail Public Expenditures." The note says the following:

The Document

"The provisions of articles 49 and 50 of the 1963 law on the Central Bank of Cyprus limits the total amount of credits the Central Bank can extend to the government to 55 percent of the regular budget revenue. Specifically, the Central Bank can advance in cash up to 25 percent of the regular revenue and in credits up to 30 percent of that same revenue.

"Since the 1982 regular revenue has been estimated at 175 million pounds, the Central Bank cannot extend during this same year to the government more than 96.25 million pounds in credits. The governor of the Central Bank has stressed in a letter (attached as Addendum III) that this leaves only a small margin of credits that could be extended by the bank, especially since by the end of 1981 the aggregate credits extended to the government by the Central Bank had reached the level of 85 million pounds.

"The data included in Addendum I show that the public sector (Regular Budget, Development Budget, Special Development Fund for Displaced Persons

and Fund for Public Loans) must find during 1982 enough resources to finance a deficit of more than 100 million pounds, compared to a deficit of 93.7 million pounds in 1981, and 75 million pounds in 1980.

#### 100 Million Deficit

"The basic reason behind this high deficit is the increase of some expenditures during the past 5 years. Such expenditures include wages and salaries which are expected to increase and reach the 104-million pound level in 1982, compared to only 42.5-million pound level in 1978; grants which are expected to increase and reach the 24-million pound level in 1982 compared to 3 million pounds in 1978; and, expenditures for servicing the public debt which are expected to reach 34.1 million pounds compared to 11.1 million pounds in 1978.

"The table included in Addendum II gives in detail the sources that will be used to cover the fiscal deficit for the current year. The table states that to cover the deficit a loan of 31.2 million pounds must be concluded abroad. The money from this loan, as indicated in the letter of the governor of the bank, should start flowing in at the earliest possible time, to avoid a liquidity problem in the public sector.

#### Public Finance

"It should be pointed out that the expected level of the fiscal deficit is such that to cover it, taking into consideration the existing limitations to the credits the Central Bank can extend, extensive use must be made of all available margins of external and internal credits for the current year 1982.

"The possibilities for credits by the Central Bank and, by extension, the possibilities for covering a higher fiscal deficit would increase its percentages set under the provisions of articles 49 and 50 of the Law on the Central Bank were also increased. But a bill calling for such an increase [of percentages] would, under the present circumstances, become the object of political exploitation. At the same time, it should be pointed out that loans from the Central Bank should be used mainly to cover the temporary deficit between income and expenses due to fluctuations in their size, and should not become a main and permanent source for financing budget deficits.

"In view of what has been mentioned above, it is necessary to make every possible effort to curtail the public finance deficit and under no circumstances this deficit should become larger. An increase in the size of the fiscal deficit will inevitably lead to the creation of a very serious problem, since it is not possible to find the monetary sources that are necessary to finance this deficit.

"It is clear that since present realities preclude an increase in public revenues every effort should be made to curtail public expenditures. In any event, expenditures should not exceed the levels set in the budget.

Therefore, it is necessary that on one hand we follow in an absolute sense decision No 21.603 of the Ministerial Council (4 April 1982) which states that any additional expenditures must be approved by the council unless an equal amount is saved from other items in the budget; and, on the other hand, efforts must be made to keep expenses at a level lower than that approved in the budget, if this is possible. Otherwise, there is grave danger that the state sector may face in the near future a liquidity problem which could have very unfavorable economic and political consequences."

8193

CSO: 4621/512

## FORMER INTERLOCUTOR ACCUSED OF ABOUT-FACE

Nicosia KHARAVGI in Greek 14 Sep 82 p 3

[Text] The recent statement by G. Ioannidis is curious, being diametrically opposed to the views which he has been professing until recently. The former representative for the Greek-Cypriot side in the inter-communal talks now is presenting himself as supporting the suspension of this dialogue until the Turkish troops withdraw from Cyprus. The first question raised by this is: "Of the different factors which made up the Cyprus problem, which one or ones have changed to such a degree as to lead G. Ioannidis to undertake a complete revision of his views, to the point where today he makes the continuation of the inter-communal talks contingent on the withdrawal of the Turkish troops, whereas a few months ago and for years and years before that, this same person had been conferring on behalf of the Greek-Cypriot side and had been ardently supporting this dialogue, despite the existence of the occupying troops? If anything has changed, it is the decision by Ioannidis to take part as a candidate for president in the upcoming elections and to oppose those democratic forces with which he was cooperating until recently, and whom he was representing to some extent. For a politician with the background of Ioannidis, it is by no means to his credit for him to subordinate the great problem of Cyprus to his personal ambitions on the model of the opportunists and irresponsible people who unfortunately abound in the country's political affairs.

Mr. G. Ioannidis knows better than anyone else, perhaps, the tremendous difficulties and the sensitive character of the various ramifications of the Cyprus problem. He knows that Turkey is obstinately refusing to withdraw its troops before a solution to the problem is achieved. And that those who are in a position to force it to withdraw are certainly not working in this direction. Is it the case that we ourselves must accept this painful reality and do nothing? Or is it true that there are certain other ways for us to get rid of the invaders without plunging Cyprus into new misadventures by mobilizing these? The inter-communal talks themselves are a means we can use to free ourselves from the foreign military presence. The withdrawal of the Turkish troops is the chief objective of these talks. And the realization of this objective is the firm intention of both the government and also AKEL and the others who support the process of dialogue. At the same time, we also are encouraging the internationalization of the problem and are trying to take advantage of every lever for exerting international pressure on Turkey to abide by the resolutions of the United Nations, so as to pave the way for a just solution which will ensure

the withdrawal of its troops. If Ioannidis and the other leaders of those forces which are opposed to democratic cooperation were to think less about their personal ambitions and more about the general interests, they would hasten to support the government in this difficult struggle it is waging on the domestic and international front, instead of undermining this struggle. Instead, with their actions of a petty-politics nature they are doing the opposite of expediting the withdrawal of the Turkish troops.

12114

CSO: 3521/11



## LEBANESE CHRISTIANS SEEN ALSO DESERVING CONSIDERATION

Nicosia I SIMERINI in Greek 16 Sep 82 p 3

[Article by Al. Konstandinidis]

[Text] There is no doubt that none of the "democratic" Christians of the Cypriot Jamahiriya are going to lament the death of the elected president of Lebanon, (Basir Jemayel), who was murdered on Tuesday by unknown terrorists. The Christians of the Cypriot Jamahiriya have never had any sympathy with the Christians of Lebanon. In the eyes of the Christians of Cyprus, the Lebanese Christians have been and are all rightists, reactionaries, and fascists. All of Lebanon's progressives and democrats, by a strange coincidence, were and are Moslems.

Here in Cyprus, of course, the same thing is not true. But our own case constitutes a unique exception. In our Jamahiriya there are many progressive Christian democrats and patriots. All the Christians in AKEL, for example. Whereas at the same time the Moslems in Cyprus are not all progressives and democrats, as is the case with the Moslems of Lebanon and Libya.

Within the decade of 1970-1980, Lebanon had been transformed into a nightmarish battlefield. Within 7 years of civil laceration, in which the armed forces of Syria and the Palestine Liberation Organization took an active part, some 100,000 persons were killed, hundreds of thousands were forced to abandon their homes, and many areas were destroyed. Throughout the country, the law of the jungle prevailed, while Beirut became established as the center of international terrorism.

In 1979, some 990 persons were killed, according to official data of the Lebanese police. In 1980, some 2,183 persons lost their lives, and 6,815 were wounded. According to official data published in the Lebanese newspaper (AN NAKHAR) (4 January 1982), some 1,498 persons were killed in 1981.

Within this nightmarish situation the Christian community of Lebanon has managed to survive, thanks to its organization and determination. The Christian community of Lebanon has managed to survive despite the fact that it had to face attacks from all directions and the complete indifference of Christian Europe.

When the Christians were being threatened with total destruction in eastern Beirut, when the Syrian artillery was pounding away at them, nobody was speaking about genocide. The newspapers of the Christians of the Cypriot Jamahiriya wrote neither about genocide nor about atrocities.

When the Christian residents of (Damour), those who survived the massacre, were all compelled by the armed forces of the PLO to abandon their village, there was nobody there to write about this event. Nobody wrote ever about how the Christians in Tyre and in Sidon were suffering.

Thus, after this fearful carnage had been going on for more than a decade, nobody was saying anything, nowhere were meetings or demonstrations being organized, nobody was calling for an end to this slaughter. And even if another decade were to pass and the carnage were to continue, again nothing would change. What are the Christians in Lebanon after, deep down?

There are certain matters which do not tolerate either discussion or doubt, according to the "democrats," Christians and others. For example, that which Syria is doing is proper. That which Arafat and his organization are doing is proper. These parties are above any criticism. And if they are compelled sometimes to strike in Maalot or Munich, the sensitive consciences of the progressive Christians are not offended.

For this reason nobody is going to lament, as I said at the beginning, the murder of Jemayel. What was Jemayel? He was neither a progressive like Prince Faud, nor a democrat like Arafat, nor a leftist like King Hussein. And above all he was not a Moslem.

12114

CSO: 3521/11

## BRIEFS

MOSLEM UNION'S PRO-TURKISH STAND--The Constituent Council of the World Moslem Union, which met in Mecca, Saudi Arabia, discussed the Cyprus problem, among others. In a relevant resolution which it adopted, the Moslem Union calls on all Moslem governments to "review their political and economic relations with the Greek-Cypriot administration" and to exert pressures on it to change its attitude "toward the legitimate rights of the Turkish-Cypriot Moslems." Also it addressed an appeal to the Islamic governments and the Islamic organizations "to provide support and help to the Moslem people of Cyprus" to enable them to rebuild their economy, "which has suffered great damage because of the boycott which the Greek-Cypriot side is imposing." Finally, the resolution calls on the commercial institutions in Islamic countries to establish closer relations with the Moslem Turkish-Cypriot community, by importing its agricultural products such as citrus fruits and other produce. [Text] [Nicosia O FILELEVETHEROS in Greek 16 Sep 82 p 3] 12114

USSR-PLO LINKS HEALTHY--The statement by Arafat that the Soviet Union is a loyal friend of the Palestinians and has been doing all it could to end the Israeli invasion into Lebanon, and the assurance given by Brezhnev to the leader of the PLO that the USSR remains staunchly at the side of the Palestinian people, are silencing the distorters and slanderers who have been singing for months now the old refrain of the supposed abandonment of the Palestinians by Moscow. But the significance of the statements made by these two leaders is immensely greater than simply the dumbfounding of the incurable defamers of the USSR. It consists in the confirmation of the fact that the Soviet-Palestinian alliance remains unshaken and furthermore will grow to a new and higher level now. The great land of socialism was and is a chief supporter of the Palestinians and a powerful guarantee that their struggle will be vindicated. Above all in a period when this struggle is entering into a new and difficult phase, Soviet-Palestinian friendship and cooperation gives the PLO a very powerful weapon in its attempt to steer a victorious course. [Text] [Nicosia KHARAVGI in Greek 16 Sep 82 p 3] 12114

NO TRADE RESTRICTIONS--In response to a question connected with the matter of commercial exchanges and the sending of products to the occupied areas, a government representative stated that the government regards Turkish Cypriots as equal citizens of the Republic and does not impose conditions on the shipping of products to the occupied areas, as long as these products do not reinforce the position of the occupying troops. [Text] [Nicosia O FILELEVETHEROS in Greek 15 Sep 82 p 3] 12114

## EDA ATTACKS KKE, KKE (INT) ON RESPECTIVE POLICIES

## Criticism Expressed

Athens MESIMVRINI in Greek 18 Sep 82 p 1

[Text] The EDA is directly accusing the KKE of "undermining progress towards change." This charge is contained in the party's "political resolution," which was published yesterday and which concerns the "upcoming municipal elections." In the same resolution, the EDA also reproaches the KKE (Interior) "for having a negative attitude."

The text of this resolution--which expresses a philosophy of "going along with" the choices of PASOK in view of the municipal elections in October--launches a scathing "j'accuse" against the KKE, "which is sowing"--as it characteristically emphasizes--"discouragement among the people with its negative oppositionist attitude."

The Executive Committee of the EDA also is accusing the KKE of continuing the policy which it followed in the parliamentary elections, with its slogan about 17 percent. The resolution adds that "now it is trying to persuade its followers and the Greek people that there is no substantial difference between PASOK and the ND."

The EDA is criticizing the KKE (Interior) as well, stressing that this party has a negative policy because it passes over in silence and minimizes "the manifest qualitative difference between the PASOK government and the governments of the Right."

Finally, this party's "political resolution" emphasizes that "as it did in the elections of last October, the EDA is aligning itself with the forces of change, and throughout Greece, without exception, it is supporting the same tickets which are supported by PASOK and other forces which are working in cooperation with it."

## KKE Reaction

Athens RIZOSPASTIS in Greek 19 Sep 82 p 12

[Text] Once again, the EDA leadership has presented itself as "more royalist than the king." Faithful to the role which has been assigned to it of being the "left-wing" huckster for the government's policy, in its resolution the day before yesterday it attacks the KKE and its position on the municipal elections. Having turned their attention toward the governmental benches, which apparently they dream about so much, leading officers of the EDA have

failed to understand and have not learned anything about the disruptive policy PASOK is following on the municipal elections, nor have they perceived its retractions with respect to basic issues affecting the people and the country. Nevertheless, they are proceeding even further. They are engaging in alarmist talk not in response to the policy of PASOK and its retractions, its timidity and its inconsistency, but to the policy of the KKE, which is not surrendering either its right to criticize the government, or its devotion to the cause of genuine change. Should one appeal to the verdict of the people on these positions of the EDA? They are rather absurd.

12114

CSO: 3521/19

## LAW INTRODUCED TO REORGANIZE PRIME MINISTER'S POLITICAL BUREAU

## Provisions Listed

Athens AKROPOLIS in Greek 22 Sep 82 pp 1, 7

[Excerpt] Public expenditures are being increased instead of reduced by the government, despite its promises that it is striving to cut down on the burdening of the State Budget. Characteristic of this is the case of a new expenditure of 121 million drachmas per year for the purpose of creating an autonomous department in the Political Bureau of the premier, with 80 employees in every category of government.

This large expenditure, along with a costly organizing of the Political Bureau, is provided for in a bill which was submitted yesterday to the Chamber of Deputies by the minister to the premier. This bill has the vague title: "Organization of the services to the premier."

With this bill, the general director of the Political Bureau, Livakis, becomes an overall coordinator of ministerial activities. At the same time, he is also head of the departments of the party's parliamentary agencies. That is, he becomes a kind of top sergeant over the ministers and deputies.

## Responsibilities

The premier himself will make the decisions on the choice of and responsibilities for the personnel of the Political Bureau. On the other hand, in matters concerning administrative and economic jurisdiction, this personnel will come under the Ministry to the Premier.

More specifically, this bill has the following provisions:

The "Political Bureau of the Premier" is headed by the general director, who has the following responsibilities:

He is the first-hand assistant to the premier in the expediting of his orders,

He monitors the implementation of his decisions and directives, and

He has the general supervision over the departments and the personnel of this bureau.

Also, the following special offices come under this arrangement:

Private office of the premier,  
legal office,  
diplomatic office,  
financial office,  
military office, and  
office of security for the premier.

The heads of these offices are correspondingly the legal, diplomatic, financial, and military advisers to the premier. The heads of these special offices are the first-hand assistants and associates of the premier on matters pertaining to the jurisdiction of their offices.

#### Without Competitive Examinations

The personnel positions in question will be filled in a way which departs from every other regulation and which does not include a competitive examination. They will be filled either by appointment or by temporary assignment from a public post through a decision of the premier, which will be published in the EFIMERIS TIS KYVERNISEOS [Official Gazette].

Aside from the positions which are provided for in the bill, if the necessity arises special duties can be allocated, by a decision of the premier, to members of the judiciary, to those serving in the armed forces, and to the security forces, in parallel with the fulfilling of their primary duties. Along with this decision on allocating duties, a supplemental pay is also stipulated, which is not to exceed 30 percent of the salaries of these people.

#### Implications, Consequences Reviewed

Athens I KATHIMERINI in Greek 23 Sep 82 p 5

[Excerpts] In reality, what is this privy council which Papandreou has decided to form, with his "cohorts" being his advisers and consultants, and with this body bearing the name: "Political Bureau of the Premier"? What has dictated its formation? What need has appeared in the exercising of the premier's duties and responsibilities which has remained unmet and is going to be met by this group of "eighty"? What persons are going to be appointed without competitive examinations, without an observance of the provisions established for employees of the State?

During the discussion of this bill in the Chamber of Deputies, perhaps the necessary explanations will be provided so that the taxpaying citizen--whose understanding was that in our country at least, premiers never have had more than two or three advisers--will be able to comprehend why so many dozens of such advisers are needed by the present premier.

Until then, he will have good reason to think that the decision can mean:

Firstly, that Papandreou no longer regards his cabinet--that is, the administration--as an organ capable of proposing solutions for dealing with the various problems. But since the exercising of political power makes this obligatory, he has proceeded to the formation of this privy council, which will function as a para-administration or a super-administration.

Secondly, the premier does not have a high opinion even of the recommendations which are supposed to be made to him by the legally established staff organs for the charting of government policy in the sectors of the economy, defence, the country's foreign relations, and so forth, and so he has decided that before they reach the premier himself, these recommendations will go through an inspection process by the "privy councilors."

Thirdly, besides the supplanting of governmental and administrative officials, party leaders as well are being supplanted. The same ones who had supplanted the previous ones! Seeing that these people were charged with the duty of supervising the implementation of the policy of "change," now this duty is relocated in the "Political Bureau of the Premier."

Fourthly, following all these possibilities, the only thing left is the picture of a premier who has concentrated in his own person all the powers and jurisdictions of the executive authority--aside from those which the Constitution reserves to the president of the Republic. And this "portrait" is that of a leader of a "socialist movement" who no longer allows his "movement" to pester him!

Only time will show us what else the creation of this "Political Bureau" may mean. But it is extremely interesting that this super-concentration of responsibilities is taking place at a time when the famous decentralization of powers is under way. That is, one of the three fundamental "changes" which are going to be made in the "structures" of the State by the "socialist" government of PASOK. And one does not need to be a soothsayer to foresee how extensive will be the initiatives which Papandreou will permit to the nomarchy councils and to local self-government, when in essence he is forbidding every initiative to the very members of his own administration! Indeed, where local authorities will be the elite of the "movement," their "decentralized inertia" will also be the chief criterion of a successful performing of their duties!

It is not very far from such "accommodations," where only one person has so many powers, to the formation of a status quo of idolatry.

In any case, up to the time when the usefulness of this "privy council" which the government is proposing to the Chamber of Deputies is persuasively argued for--if it succeeds in doing this--such a scheme will simply be one more "cloud" which will be troubling our political rather than physical horizons.

12114

CSO: 3521/19



## CONCERN VOICED OVER DIPLOMATIC CORPS PRIVILEGES, OBLIGATIONS

## Privileged 'Caste' Attacked

Athens ELEVTHEROTYPIA in Greek 11 Sep 82 p 4

[Text] Another privileged "caste" has started a war against the government, against Change. It is the caste that predominates in the corps of 360 diplomatic employees of the Ministry of Foreign Affairs. The government knows that:

They are providing the Right-controlled newspapers with false information to create the impression that they are allegedly being subjected to "political persecutions." In reality, the motives for their campaign are different.

Some of them who are "prominent" are afraid that when the Cyprus file is opened, it will reveal their role in the betrayal of the island. Many of their shady activities have already been touched upon in the book written by their former colleague, junta follower Panagiotakos who is attempting to "justify" his own role.

They are using every means to react to the effort that the government is making to abolish the regime of their political and financial /immunity/ that led to this amazing fact: A large number of /ambassadors/ cost the Greek people 3 to 3.5 million a month per person.

They are struggling to maintain their administrative unaccountability. I do not forgive Deputy Minister of Foreign Affairs I. Kapsis, for compelling them to report on action taken on every order /within/ 24 hours. They want to impose on the government their own pace. A pace that is really amazing: In two national crises, they took 22 days for one and 47 for the other to provide the necessary explanations.

They are trying in every way to keep in a master/servant relationship the other 1,800 employees of the ministry, at least 500 of whom are graduates of supreme educational institutions and bear the entire burden of the work in the ministry.

They are attempting, successfully thus far, to isolate all the attaches, secretaries and employees of our embassies who did not come from the diplomatic branch.

The pettiness against the new political leadership of the Ministry of Foreign Affairs reached the point where they channeled to the rightist newspapers the "information" that the diplomats were isolated from the Kapsis-Alatsam dialogue. And their president, Mr Serbos, did not have the decency to tell the truth to the fabrication writers: that he was present during these discussions.

They are very deeply disturbed because their "fiefdom" is breaking up. Their arbitrary "right" that is to deal with the hiring of new people in the diplomatic corps as a family matter a "right" that, as was revealed, protected with astounding methods such [cases] as this one: they would fail new scientists taking the "examination" who actually had passed it. And they were so provocative that they would fail people who studied and had postgraduate degrees in American universities for...bad grades in English!

Whether they like it or not, the change will take place in the diplomatic corps too. There are no immune agencies in the government. The people gave the /mandate to/ the government to break them up. To break up the circuits of the established practices created by the Right, inside and out of the government machinery. At every level.

#### Strike Activities Viewed

Athens I KATHIMERINI in Greek 12-13 Sep 82 pp 1, 3

[Excerpts] The members of the diplomatic corps have decided to engage in a new dynamic reaction that would not exclude the likelihood of a general strike. The reason for these decisions of the diplomatic branch was first of all, the serious indications of a new adverse attitude of the political leadership of the Ministry of Foreign Affairs to satisfy the just demands for moral restoration and financial security of the diplomats, despite the related orders of the prime minister who appeared to disagree with certain ministers of his. Secondly, the reaction of the diplomats is caused by certain new practices used against them. These practices aim to discourage any labor union activity at all and at the same time undermine the integrity of the service as a whole rather than that of individuals only.

Specifically: The diplomats are in a new turmoil, because although the 15 day period is almost over, the ministerial decision that would allow the payment of overseas allowances for the months of September and October has not been signed yet. The previous bimonthly period had been taken care of with a similar decision while the political leadership of the ministry had agreed that the present state of payments be extended until the end of the year with similar decisions. So that, in the meantime, until early 1983, the new arrangements /could/ be studied on the basis of living conditions prevailing in each country where Greece is represented [diplomatically].

## Retraction

More than interpreting this delay as a psychological war, in terms of blackmail methods as suspected by the diplomats, it is a clear /retraction/ of the leadership of the ministry and especially of Deputy Minister of Foreign Affairs I. Papsis, concerning a subject that affects the dignified representation of our country abroad.

## Downgrading the Diplomatic Corps

However, the general conclusion from the government methods in the Ministry of Foreign Affairs is that a downgrading of the diplomatic service and the gradual reduction of its personnel to a civil service status is what is being sought. This way it will be easier to exert party influence on a branch that, because of its nature, was less vulnerable to party objectives and acted more independently than other services.

Another form of downgrading the diplomatic service is the use of "personalities" as ambassadors in various countries. And of course the argument that only a few were used this way does not hold since they were assigned to crucial embassies. This means that there is a lack of trust in the cadres of the diplomatic corps.

This is the first time the service has been subjected to such great party control. Up to now, a government has never even thought of not trusting the diplomats to such an extent that it would replace them with "their own people" arguing that it would accomplish a better implementation of government policy. It is well known that the diplomats as civil servants--even with the special treatment that is imposed by the nature of their work--always followed faithfully the directions of the responsible government.

The structure of the diplomatic corps is changed further by the return of a socially elitist mentality in the branch and the creation once again of a closed society, indirectly but steadily, as a privilege of the few. The weakened financial support of the diplomats, for the sake of a doubtful frugality, discourages many from following the professional career in the diplomatic service. And it makes it attractive only to the few whose family fortunes or other sources of income will permit them to face the social demands of their functions with dignity. Up to now, the accomplished financial self-sufficiency of the diplomats permitted young people from all social levels to enter the branch and change its elitist character. Besides, this is how it was possible to establish the greatest possibilities of selecting the best from the multitude of those who were interested in entering the diplomatic service.

It is understood that surely the government would prove to be more sincere in its intentions, if it would take steps to cure whatever ails the diplomatic service with correct discipline and not with "precarious transplants." The only thing it has accomplished at the present time, perhaps even beyond the intent of the prime minister, is to shake the self-confidence of the entire diplomatic corps and its confidence in the state. These factors are

so necessary for the uninterrupted professional performance that has to do with the sensitive area of representing the country and the handling of foreign matters.

#### Softening Government Stance

Athens AKROPOLIS in Greek 17 Sep 82 p 8

[Excerpt] The government stance against the diplomatic employees is "softening." The government announces that there has been no cut in their pay and in covering their other expenses, while a few days ago, the government representative had announced cuts in the basic pay of ambassadors and added that their pay will be adjusted from now on on the basis of the UN cost of living table for various capitals.

It is now evident that the government wishes to moderate the reactions of the diplomatic employees after their protest for what Mr Koutsogiorgas said in Parliament against them.

#### Allowances Until the End of the Year

The government also assures that the overseas allowances will be paid to the diplomatic employees regularly until 31 December.

9346

CSO: 3521/1

POLITICAL

NORWAY

OSLO PAPER ON MBFR IMPASSE; AMBASSADOR STAAR CITED

PM261601 Oslo ARBEIDERBLADET in Norwegian 23 Oct 82 p 15

[E.L. article: "MBFR Talks Without Results Are Still Worth the Trouble"]

[Text] "The MBFR talks in Vienna are still worth the trouble even though they have not led to any agreement on any important point. They are so important that we in the West are intent on keeping them going as long as necessary. It is obvious that the Soviet Union and the other Eastern bloc states taking part attach importance to them, otherwise they would be able to find an excuse to break them off whenever they liked," said the leader of the U.S. delegation in Vienna, Ambassador Richard Staar, who is currently visiting Oslo.

Representatives of 12 NATO nations and the 7 Warsaw Pact countries have met around 10 times a year for the last 9 years for the so-called MBFR talks. MBFR stands for "Mutual and Balanced Force Reductions," and this is the goal which has been set for these talks, which affect a clearly defined geographical area. This embraces West Germany and the Benelux countries, and, in the East, Poland, Czechoslovakia and East Germany. Inside this area, history's largest concentration of arms and armed forces is to be found. The talks started because they were a Western condition for the so-called CSCE conference in Helsinki in 1975.

The MBFR talks only relate to "conventional" forces and arms, that is, ground and airborne forces in the above-mentioned central European area. Of the nations taking part, some--those which do not have forces in the area, including Norway--only have observer status. The objective is an agreement on militarily significant force reductions on both sides so that a reduced, more balanced force level is achieved, and on verification procedures acceptable to both sides to make sure that the agreement is being respected.

It goes without saying that the first thing must be that both sides reach agreement about the point of departure, about the size of the forces currently facing each other. Here an impasse has been reached, and no further progress has been made. The NATO nations' information--"which we believe to be reliable," Ambassador Staar said--indicates that the Warsaw Pact forces total 170,000 more men than the Warsaw Pact itself is willing to admit.

"The whole thing is taking place in a very correct atmosphere," Staar said, "in a diplomatic and civilized tone, and there is some social interaction. On the whole, the Soviet Union seems to see the MBFR talks as a useful communication channel," said Ambassador Staar, who is prepared to wait patiently until Moscow deems it advantageous to change its approach and introduce some movement into the important talks.

## DAILY REVEALS PLANNING OF ATTEMPTED MILITARY COUP

Madrid DIARIO 16 in Spanish 5 Oct 82 pp 4-5

[Article by Horacio Sanglade: "To Isolate the Capital, First Target of the Insurgents"]

[Text] Armored units of the Armored Division (DAC), whose quarters surround the Spanish capital, were to enter Madrid and take control of La Zarzuela and Moncloa palaces, the major telecommunication centers--the telephone exchange and post office--the Spanish television station, Barajas airport, the Chamartin railroad station, and some newspaper offices, according to the plans made by the leaders of the "colonels' coup," which DIARIO 16 could discover.

"Operation Cervantes," checked by a brilliant piece of work by the CESID [State Security Organization], has as its goal to occupy Madrid in a lightning operation at dawn on 27 October 1982 to seize the centers of power. The plan was minutely drawn up by those dubbed the "general staff colonels." It evidenced a high technical level and left nothing to chance. The insurgent units of the Armored Division were those charged with implementing the operation.

The "colonels' coup" discovered by CESID had anticipated the taking of Madrid by insurgent units of the Armored Division at dawn on Wednesday, 27 October 1982. Armored units of the DAC, whose quarters surround the Spanish capital, were to enter the city at "D hour" from various points to seize control of the centers of power. The insurgents of the Brunete No 1 unit of the Armored Division were to be joined by other units which the officers planning the coup would try to entice so that they would adopt a "passive support" role. The operative weight of the coup--according to the insurgents' plans--was aimed at those DAC units that the insurgents "could drag along with them."

From the El Goloso barracks on the Madrid to Colmenar Viejo road several columns of combat tanks and armored cars were to emerge at 0200 hours, proceed toward the "Castellana axis," and join with the Armored Brigade of the Saboya 6 Regiment (BRIAC XI) based on Leganes on reaching Atocha Square given that this unit would move on Madrid from the south. Outside support from the Artillery Armored Regiment (RACA XIII) based at Getafe was anticipated.

Ref. 1. 10000

## Rapid Road

The "Castellana axis," the most important thoroughfare for penetrating into Madrid, at dawn and with barely any traffic, makes possible rapid access to the principal civilian and military centers which the insurgents had planned to occupy.

The combat tanks would roll down the Castellana road at an average speed of 60 km an hour and would split along the major lateral roads--Rios Rosas, Maria de Molina, Colon, Cibeles, Neptuno, and Atocha--to reach the targets assigned to them by the insurgent general staff.

At the same time the heads of the Paratroop Brigade (BRIPAC), who were to have joined the insurgents, would have advanced along the Barcelona highway in the direction of the Barajas airport. But beforehand, the scenario called for forming a ring around the Torrejon de Ardoz military complex in order to isolate it.

M 48 tanks and M 113 armored vehicles with troops were to divide into groups which would be assigned a communication and identification code and instructed which targets to seize.

## Goals

In their advance along the Castellana highway toward the south of Madrid, the goals of the insurgents would have been to neutralize, according to what DIARIO 16 was able to learn, the following: The building housing the Joint Chiefs of Staff (JUFEM) on Vitrubio Street at the corner of Castellana Road at San Juan de la Cruz Square.

Close to Colon Square, at 5 Castellana Road, the insurgents were to seize the seat of the Ministry of Interior. A nerve center of the government structure to be occupied was Cibeles Square where the Army General Headquarters, the Naval General Headquarters, and the telecommunications center are located.

From Cibeles, several units were to move toward Atocha, occupying on Neptune Street the Congress of Deputies building--with the intention of precluding the meeting on the following morning of the Permanent Deputation of the Congress. Simultaneously, RACA XIII and BRIAC XI would have reached Atocha with similar occupation of the entire southern sector of Madrid but with a different goal: To maintain through their presence psychological pressure at the major squares at a time when the inhabitants of Madrid were leaving their homes to go to their workplaces.

## Telephone Exchange

Also, from Cibeles, along the Gran Via [street], another operational group was to occupy the building of the telephone exchange and to proceed till it seized the directorate of state security at Puerta del Sol.

The units which the insurgents could attract from the No 14 Villaviciosa Regiment and No 55 Wad Ras had as their mission to seize the facilities of the

Spanish Radio Broadcasting and Television System (RTVE) and to force the Permanent Transmissions Network, located side by side with the RTVE, to join the insurgency.

Too, both units had as their goal to seize the Air Force General Headquarters and the Ministry of Defense, now occupying the same building on the Calle de la Princesa [street] (the former office of the Air Force). According to information collected by DIARIO 16, the Moncloa and Zarzuela palaces were to be occupied by two operational groups with this specific goal.

In the documents discovered by CESID, the insurgents had a progressive plan to occupy, depending on their importance and according to a specific schedule, public buildings, party and trade union offices, communications media, and ministries, as listed in the table below.

At "D hour," that is, when the first armored units would begin to enter Madrid, they would proceed with disconnecting the telephone circuits to cut the Spanish capital off from contact with the rest of the country and the international network.

#### Proclamation

As had been planned in 23-F [the attempted coup of 23 February 1981], the insurgents would force a halt in broadcasts by the radio stations while the National Radio of Spain would then play only military music from its facilities at Prado del Rey. At that point a broadcasting of a proclamation similar to that which Lt Gen Jaime Milans del Bosch issued on the night of 23 February in Valencia was to start.

Once the coup was successful in Madrid, the insurgents would broadcast to the military headquarters of the whole country through the Territorial Command Network, whose center is located in the Prado del Rey Regiment, a coded message to the conspirators of the various military regions so that they might put into motion the measures that would make the coup triumph, the news that Madrid had been taken being known by then. They anticipated that the "psychological effect" of the seizure of Madrid would produce large-scale rallying to the insurgency.

#### Key Objectives

JUJEM [Joint Chiefs of Staff];

General headquarters of the FAS [Spanish Armed Forces];

Ministry of Defense;

Ministry of Interior;

General Directorate of State Security;

Telecommunications center;

Telephone exchange;

Ministries;

Municipal government offices;

Municipal police barracks;



District boards;  
Party offices;  
Offices of the following trade union federations: CCOO [Workers Commissions]  
and UGT [General Union of Workers];  
Subway yards;  
Yards of the EMT [Municipal Transportation Enterprise (Madrid)];  
Barajas airport;  
Railroad stations;  
Communications media (radio stations and newspaper offices);  
Quarters of the National Police;  
Commissary stores.

2662  
CSO: 3548/14

## STOCKHOLM PAPER WELCOMES FOREIGN MINISTER BODSTROM UN SPEECH

PM211011 Stockholm DAGENS NYHETER in Swedish 16 Oct 82 p 2

[Editorial: "Lennart Bodstrom at the United Nations"]

[Text] Sweden's new foreign minister could hardly have gotten off to a better start. Lennart Bodstrom's speech on Friday evening to the UN General Assembly was in many respects a brilliant policy declaration--even though it did contain one or two dubious elements.

The submarine incident which is still going in the Stockholm archipelago lay like a lead weight over one statement in Bodstrom's speech--a statement which has not needed special emphasis in Swedish foreign policy for a longtime.

"International law gives us a right and a duty to protect our sovereignty and territorial integrity. Let no one nourish fears or hopes that Sweden could abandon its neutralist policy even under strong pressure."

Let us sincerely hope that this statement will be given further substance when it is time to sum up the Swedish authorities' handling of the submarine affair. A determination to attempt to carry out an unusually difficult task characterized both the armed forces' leaders and the nonsocialist government--and now characterizes the Palme government. A strong body of Swedish public opinion has lent its support both to the international legal principle spoken of by Bodstrom and the decision to take military steps which do not belong in peacetime.

The question marks attach to our real military capacity to live up fully to the principles of international law in peacetime. "Swedish territory will be protected with all the resources available," the new Palme government states in its government declaration. Whether the resources available are also sufficient is a main question for the government's newly-appointed commission set up under former defense and foreign minister Sven Andersson to investigate the submarine affair.

But Sweden's policy of neutrality is not only a question of defending our own territory. It is just as important that we make an active contribution to a world environment less characterized by war, oppression and conflict than today's. The foreign minister was anxious to underline three values to serve as guidelines for Sweden's behavior on the international scene: national sovereignty, security and solidarity.

Lennart Bodstrom rightly condemns Israel's invasion of Lebanon as a flagrant example of a crime against the principle of national sovereignty. But it is probably too hasty to do as he does and call for unilateral Israeli withdrawal to the borders existing before the 6-Day War in 1967--apart from the fact that in making this statement he went much further than Sweden's former stance on the matter and further than the key UN Resolutions 242 and 338. A detailed sketch of what the final result will look like runs the risk of watering down the motivation for friendly negotiations for an overall solution to the Palestinian question acceptable to all parties.

Bodstrom is at his most convincing when talking about security. "In the world of the superpowers one side cannot achieve security at the other's expense. Together we must try to find common security for the survival of all"--such phrases are like Olof Palme's own when he is at his best. It is reassuring and encouraging that more than ever before Swedish foreign policy doctrine is stressing the importance of using the political approach to the peaceful solution of armed conflicts. This principle applies just as much to local crisis points--Bodstrom mentioned Central America in particular--as it does to the relations between the superpowers: "It is of the utmost importance that we create the political conditions to ensure that weapons of mass destruction will never be used."

It is interesting to note that according to the Social Democrats solidarity with the Third World no longer means the same as support for the call for a "new world economic order." The north-south dialogue has become "a series of parallel monologues."

Instead, solidarity is said to be a question of creating common prosperity on the world economy's usual terms--in the spirit of the Brandt commission. "The industrialized nations must now show that they are prepared to allow other countries and peoples to enjoy the fruits of free trade."

Naturally Olof Palme's foreign minister also struck a blow for strengthening the UN collective security system. For this reason it was all the more surprising that Lennart Bodstrom told Tidningarnas Telegrambyra that the submarine incident is not a matter for the United Nations--period. Despite this he did declare that all states have an "absolute" commitment under the UN charter to use only peaceful means to solve international disagreements. Would it not then have been logical--at least as a symbolic step--to report the submarine incident to the UN Security Council rather than to rely immediately and exclusively on one's own military resources?

CSO: 3650/21

GENERAL

ITALY

BRIEFS

EGYPTIAN CONSTRUCTION CONTRACT--Rome, 14 Oct (ANSA)--The Italian state-run Saipem engineering firm has been awarded an 84 million dollar contract for the construction of two overland pipelines linking the oil city of Abu Sultan (Ismailia) to Port Said. Saipem, a subsidiary of Italy's National Fuel Corporation ENI, will also build two pumping stations and three measurement installations all of which were written into the same contract. Blueprints for the whole operation as well as the purchase of materials will be provided, according to the terms of the deal, by Snamprogetti, another ENI subsidiary. A deciding factor in securing the contract, a Saipem communique revealed, were the "particularly competitive" payment terms the company was able to offer through the good offices of the Italian Foreign Ministry's Development Cooperation Bureau. Saipem has been operating in Egypt since the early 1950's in two capacities, as builders of land and sea oil installations and as contractors for drilling operations. [Text] [Rome ANSA in English 1546 GMT 14 Oct 82 AU]

OIL DEPOSIT--Milan, 16 Oct (ANSA)--An off-shore oil deposit of "considerable dimension" has been discovered in the channel of Sicily, the Montedison chemical giant has confirmed. Montedison, which is doing the drilling, has a 30 percent share in the Silician channel operation. The Italian state-run fuels corporation's (ENI) AGIP subsidiary has another 30 percent share. The Italian North-west Canada, Canada 20 percent and the Italian ELF and Petro-marine Italia have 10 percent each in it. A second well in the deposit, code-named "Vega," is close to completion. The well was drilled 6 1/2 kilometers from the first one and it was the second well that confirmed the existence of an extensive underwater oil bed. Drilling from the "Glomar Grand Banks" ship started on July 7 and has already dug 2,630 meters deep. The tests currently being effected have produced a daily output of more than 10,000 barrels of crude with a petroleum density of 15.5 A.P.S.'s and a 2.5 percent sulphur content. News of the oil strike shot Montedison's price on the Milan stock market up seven percent Friday. [Text] [Rome ANSA in English 0812 GMT 16 Oct 82 AU]

END

CSO: 3500/3